



ADUR & WORTHING
COUNCILS

2 March 2020

Joint Strategic Committee	
Date:	10 March 2020
Time:	6.30 pm
Venue:	QEII Room, Shoreham Centre, Shoreham by Sea

Committee Membership:

Adur District Council: Councillors; Neil Parkin (Adur Chairman), Angus Dunn (Adur Vice-Chairman), Carson Albury, Brian Boggis, Emma Evans and David Simmons

Worthing Borough Council: Councillors; Daniel Humphreys (Worthing Chairman), Kevin Jenkins (Worthing Vice-Chairman), Edward Crouch, Heather Mercer, Elizabeth Sparkes and Val Turner

Agenda

Part A

1. Declarations of Interests

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

2. Minutes

To approve the minutes of the Joint Strategic Committee meeting held on 11 February 2020, the Worthing Executive meeting held on the 3 February 2020 and the Adur Executive meeting held on the 4 February 2020, copies of which have been previously circulated.

3. Public Question Time

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by **noon on Friday 6 March 2020**.

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

Questions should be submitted to Democratic Services,
democratic.services@adur-worthing.gov.uk

(Note: Public Question Time will operate for a maximum of 30 minutes)

4. Items Raised under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

5. Adur and Worthing Councils Housing Strategy 2020-2023: 'Enabling communities to thrive in their own home' (Pages 1 - 58)

To consider a report from the Director for Communities, a copy is attached as item 5.

6. 3rd Quarter Revenue Budget Monitoring 2019/20 (Pages 59 - 88)

To consider a report from the Director for Digital & Resources, a copy is attached as item 6.

7. 3rd Quarter Capital Investment Programme & Projects Monitoring 2019/20 (Pages 89 - 114)

To consider a report from the Director for Digital & Resources, a copy is attached as item 7.

8. Strategic Property Investment Fund 2020 and the Annual Commercial Property Investment Strategy 2020/21 (Pages 115 - 162)

To consider a report from the Director for the Economy, a copy is attached as item 8.

9. Enabling our Communities to Thrive - Southdown Leisure Five Year Strategy 2020 - 2025 (Pages 163 - 240)

To consider a report from the Director for Communities, a copy is attached as item 9.

10. Brooklands Park - Masterplan Development (Pages 241 - 272)

To consider a report from the Director for Communities, a copy is attached as item 10.

Part B - Not for Publication – Exempt Information Reports

None.

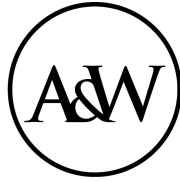
Recording of this meeting

The Council will be voice recording the meeting, including public question time. The recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
Neil Terry Democratic Services Lead 01903 221073 neil.terry@adur-worthing.gov.uk	Susan Sale Solicitor to the Council and Monitoring Officer 01903 221119 susan.sale@adur-worthing.gov.uk

Duration of the Meeting: Four hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 5

Key Decision [Yes/No]

Ward(s) Affected: All

Adur and Worthing Councils Housing Strategy 2020-2023: ‘Enabling communities to thrive in their own home’

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1. This report outlines the impact of the Housing Strategy “Housing Matters 2017-2020” and introduces the new Adur and Worthing Housing Strategy for 2020-2023 ‘Enabling communities to thrive in their own home’

2. Recommendations

- 2.1. The Joint Strategic Committee is asked to note the progress made during the life of the previous Housing Strategy; and
- 2.2. To consider the new Adur and Worthing Housing Strategy for 2020-2023 and recommend its adoption to Adur District Council and Worthing Borough Council.

3. Background

- 3.1. Having a secure and safe home, not just a place to sleep, is one of the most important factors in enabling our communities to thrive. Those we work with have told us that they want us, and our partners, to be more joined up and to support our residents holistically.
- 3.2. As part of the Councils' strategic vision for our places, the Councils of Adur and Worthing want to build platforms from which people, communities, businesses and ideas can develop and thrive.
- 3.3. This updated Housing Strategy for Adur & Worthing, therefore, is not just about buildings but is about people and communities. How we can support, enable and sometimes enforce the right conditions for people to both have a home and to thrive in their community.

4. Context: Housing Matters 2017-2020

- 4.1. The Housing Strategy 2017-2020 'Housing Matters' - set out to create the conditions for more homes to be built, to prevent homelessness, reduce the need for emergency and temporary accommodation, and where it cannot be prevented, ensure the accommodation we provide is suitable and cost effective. Overall we want to support and enable our communities to have a home and be part of a community.
- 4.2. There were a number of key achievements during the life of the last housing strategy, including:

4.2.1. Preventing Homelessness

Adur and Worthing Councils implemented the Homelessness Reduction Act 2017, the biggest change in Housing legislation in a generation. We restructured the teams working with those at risk of homelessness so that we now have dedicated support for families and single people, including those who sleep rough. Those teams built solid working relationships with numerous partner organisations to identify those at risk earlier and to provide support. For example, Housing and Wellbeing staff are working with GPs as part of 'making homelessness everyone's business'. GPs often see patients whose health issues are due to, or made worse by, insecure housing and now they can be referred directly to someone who can provide advice and support.

In the first three quarters of 2019/20, there were 143 homeless applications in Adur and 399 in Worthing. In addition there were 63 cases where advice only was sought in Adur and 168 in Worthing. Of these, interventions led by the Homelessness Teams resulted in 81 households in Adur and 186 in Worthing being prevented from becoming homeless.

4.2.2. *Reducing Rough Sleeping*

In March 2018, the Ministry of Housing, Communities and Local Government (MHCLG) announced funding to tackle Rough Sleeping. Locally the numbers in Worthing were increasing, whilst those in Adur remained static. Worthing Borough Council received some of the MHCLG funding with the caveat that Adur residents would also benefit from the services and interventions developed.

Rough Sleeping Figures: Official Annual Count

	Worthing Estimate	Worthing Count	Adur Estimate	Adur Count
2019/20	13	7	2	0
2018/19	23	11	1	0
2017/18	34	19	2	0
2016/17	26	11	2	0

4.2.3. *Increasing Housing Development*

The Adur and Worthing Development Programme has purchased two sites and has gained planning consent to deliver 42 homes for temporary accommodation. Three further sites have also been consented to provide 61 homes for HRA general needs rent (affordable and social rent). A further 10 sites have been identified as part of the Small Sites programme with design due to commence in March '20. Of the above, 103 homes are due to be delivered by 2021/22.

Possible infill sites have also been identified within Adur Homes which could be used for housing development. Applications for the development of further sizable provision for housing are expected to be brought and/or determined shortly, include Teville Gate, West Sompting and Kingston Wharf

4.2.4. *Securing affordable accommodation*

To help those who cannot afford private rented accommodation or who cannot meet the strict referencing criteria set by letting agents, the councils have created 'Opening Doors' – an innovative new lettings scheme that provides an attractive service for landlords with a range of benefits, including rent collection with guaranteed rent for two years, all tenancy paperwork completed, a matching process between tenant and landlord and access to a landlord support team – all for free. In exchange landlords are providing properties at affordable rents, creating a new supply of suitable and affordable private rented accommodation. Since the launch of the pilot in July 2018, the scheme has attracted over 30 properties - from studio flats to five bedroom houses.

4.2.5. *Addressing the impact and reducing the costs of Temporary and Emergency Accommodation*

Over the last 3 years, Adur and Worthing Councils like many others in the South of England, have seen rising demand for assistance from our communities, families and individuals who are threatened with or become homeless. The financial costs of providing emergency and temporary accommodation between 2016 and 2019 increased significantly year on year, whilst the accommodation available was sometimes out of area, creating significant issues for those we support. Over the lifetime of this Housing Strategy this has been a significant focus for the Councils, with notable achievements

- Securing more, and more suitable leased accommodation, within or close to the district/borough
- Reducing the costs of nightly paid accommodation
- Acquiring and renovating property for use as temporary accommodation - Downview Phase 1 will be handed over to the Housing Needs team in March 2020 and the contract for phase 2 has been awarded. The contract for the renovation at Rowlands Road will also be awarded in March 2020.
- Developing new initiatives (e.g Opening Doors) to reduce the need for emergency accommodation

As a result of these initiatives, both Adur and Worthing Councils will achieve budget this year and we have been able to plan for

reduced budgets in Adur for 2020/2021. Given the continued demand in Worthing we have decided to maintain the budgets and build in a contingency for the next year.

4.2.6. Promoting thriving communities

The Councils' Housing and Wellbeing teams have started working more closely to identify better synergies to increase good housing and wellbeing outcomes for residents. Through the Thrive agenda, they are taking a wider look at the challenges in creating thriving communities, which include not just housing need but health issues, employability and social isolation. But working together, and with partners in the community sector and health sector, individuals are benefiting from support to enable them to feel well, safe and included in their communities.

5. Issues for consideration: Housing Strategy 2020-23

5.1. The new strategy builds on the work done over the last three years and is arranged under three key priorities.

5.2. ***Priority 1: Housing Related Wellbeing and Support***

- *Preventing Homelessness*: Our aim is to identify early who is at risk of homelessness so we can work with them to maintain their tenancies or find alternative accommodation and so avoid becoming homeless.
- *Reducing Rough Sleeping* : By working with other agencies we will help those sleeping on the streets to get the support they need to find and maintain accommodation and also to improve their health outcomes.
- *Supporting vulnerable adults and those with complex needs*: We will be co-commissioning a floating support contract that will be for any age adult and tenure neutral. The focus will be to prevent homelessness by supporting adults who are vulnerable and have complex needs to sustain their tenancies.

5.3. ***Priority 2: Better Homes; Stronger Communities***

- *Acceptable Living Conditions and Regulation*: We will continue to use our powers to drive up standards in the private rented sector by making landlords carry out improvements where we find these are necessary and by licensing Houses in Multiple Occupation.
- *Staying safely at home for longer*: By providing grants for adaptations and equipment such as community alarms, we will continue to help

those with disabilities, mobility problems or poor health to remain in their own home.

- *Our role as Landlord (Adur District):* We will continue to review how we manage our housing stock in Adur District, including rent and service charge collection, repairs, grounds maintenance and cleaning. We will also provide support services for tenants and leaseholders, such as tenant engagement and helping to tackle anti-social behaviour.
- *Co-creating communities and spaces that support our communities to thrive:* We will support communities to thrive by designing the built environment of places so that it encourages connections, engagement and supportive behaviour. Examples include creating community spaces and places, using lighting to promote safety and green spaces to promote activity.

5.4. **Priority 3: Improving the levels of affordable housing supply**

- *Our Development Strategy:* We will increase access to housing for people of all ages by working in partnership with developers to ensure housing schemes are sustainable by design, provide for community interaction and include a significant number of homes that are affordable.
- *Our Development programme:* We will continue to carry out our own developments, by both working with our existing assets and purchasing land to develop affordable homes for sale and rent.
- *Extending access to the Private Rented Sector:* We will continue to expand the “Opening Doors” scheme to improve access to private rented accommodation for people in receipt of benefits.

6. Engagement and Communication

6.1. The detail in the draft Housing Strategy mirrors and extends that which is outlined in Platforms for our Places. It has been further informed by a number of workshops/sessions with approximately 150 people representing a diverse range of stakeholders, including residents of Adur and Worthing:

- Landlord groups
- Customer focus groups - e.g service users with mental health issues
- Registered housing providers and developers
- Voluntary sector providers
- A&W Homelessness Forum members
- Adur and Worthing Local Community Networks (health, voluntary sector and resident representatives)

- Executive Members
- Officers from across all services of the Council and grades

6.2. We have also used research data from the two major design projects that we have either led, or been involved in - our Preventing Homelessness project and the West Sussex Supported Housing Task and Finish Group work commissioned from the design agency, Wearesnook. In both cases specific and detailed, face to face research was carried out with the individuals and the following groups:

- 6.2.1. Users of our homelessness services and those in temporary accommodation
- 6.2.2. Users of supported housing provision
- 6.2.3. People who have or are sleeping rough
- 6.2.4. Providers of supported accommodation
- 6.2.5. Voluntary sector providers
- 6.2.6. Registered providers
- 6.2.7. Staff working for the Councils in housing and outreach
- 6.2.8. Staff working for partner agencies such as childrens and adults social care, health and the police.

6.3. Following the gathering of this data, detailed analysis and synthesis of the information has supported the priorities we have focussed on in working with our residents, those in need and our partners. It has also specifically informed the development of the set of design principles outlined in the strategy, which are shared by all West Sussex Housing Authorities.

- Build on strengths
- Whole system approach
- Design, develop and deliver together
- Focused, efficient and valued
- Outcome based
- Dynamic and Resilient -
- Coherent, simple and accessible

7. Financial Implications

7.1. The cost of delivering this strategy are built into the Council's revenue and capital budgets. New initiatives emerging are subject to financial assessment, and if necessary, built into the future budget requirements of the Councils.

7.2. As members will be aware, the Councils already have substantial budgets in place for addressing homelessness and housing need.

However, the demand for emergency and temporary accommodation continues to be a huge cost pressure due to the rising demand and the lack of affordable accommodation. The current caseload numbers for Adur and Worthing are 44 and 122 respectively. The Strategy includes objectives to reduce demand and increase the availability of affordable accommodation to help manage these costs. For example, there is currently a projected underspend of £151,000 in Adur and £73,000 in Worthing on the temporary and emergency accommodation budget set at the beginning of the year.

7.3. The 2019/20 budget included a £300,000 allowance for supported housing cost pressures expected as a result of reduced housing budgets from West Sussex County Council. As set out in the Strategy, these challenges are being addressed through close working with partners and the cross county task and finish group has already been successful in agreeing shared solutions and so the full budget is unlikely to be required this year. Currently, it is anticipated that there will be an underspend of £250,000 against this contingency. The Councils have retained a residual budget of £200,000 for future cost pressures in this area.

7.4. The Adur Housing Revenue Account is a ring fenced account. It is currently forecast to underspend by £420,000 for 2019/20. However, the original budget included the use of around £725,000 of reserves and the underspend is at least partly due to this financial year containing 53 rent weeks, accounting for £200,000 of additional income. In addition, several staff vacancies have contributed to an underspend in general management costs. It is therefore anticipated that next year's budget will still need to include the use of reserves, albeit less at around £305,000. One key issue is the rising costs associated with responsive repairs and capital spend. The Strategy therefore sets out the objective of further developing the Adur Homes Capital Improvement Programme and Asset Management Plans to balance short term investment needs with longer term estate and neighborhood renewal.

7.5.

8. Legal Implications

8.1. Since the Deregulation Act 2015 came into force, there has no longer been a formal requirement to produce a Housing Strategy but it is still considered best practice to do so. The Strategy takes into account the legal powers and duties of housing authorities and sets out how these will be discharged. These powers and duties include:

- 8.1.1. Section 8 of the Housing Act 1985 continues to place a duty on every local housing authority to consider housing conditions in their district and the needs of the district with respect to the provision of further housing accommodation.
- 8.1.2. The Homelessness Reduction Act 2017 came into force on 3 April 2018. It places new legal duties on housing authorities, with a focus on preventing homelessness. The most significant change is that anyone who is homeless or at risk of homelessness is able to access support, regardless of their priority need status.
- 8.1.3. On 29 October 2018, the Housing Revenue Account (HRA) borrowing cap was abolished. As a result, local authorities with an HRA are no longer constrained by government controls over borrowing for house building and are able to borrow against their expected rental income, in line with the CIPFA Prudential Code.
- 8.1.4. On 20 March 2019 the Homes (Fitness for Human Habitation) Act 2018 came into force. It sets out that landlords must ensure their properties are safe, healthy and free from things that could cause serious harm. If rented houses and flats are not 'fit for human habitation', tenants can now take their landlords to court. The court can make the landlord carry out repairs or put right health and safety problems. The court can also make the landlord pay compensation to the tenant.
- 8.1.5. On 1 October 2018 "The Licensing of House in Multiple Occupation (England) Order 2018" came into force. It changed the definition of an HMO under the Housing Act 2004. Under the 2018 Order, the three storey element of the licencing criteria was removed meaning that any HMO occupied by five or more individuals (who are not in a single household) will require a mandatory HMO Licence.

Background Papers

- Report to JSC 7 March 2017 (Agenda Item 7) "Adur and Worthing Housing Strategy
- Platforms for our Places

Officer Contact Details:

Akin Akinyebo

Head of Housing

Akin.Akinyebo@adur-worthing.gov.uk

Diana Francombe

Housing Strategy and Improvement Manager

diana.francombe@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The Strategy aims to provide more affordable homes and to help people into tenancies. A stable place to live enables people to participate economically in the community as they can apply for and hold down regular work.

2. Social

2.1 Social Value

- The Strategy promotes thriving communities where families and individuals are not at risk of homelessness, can settle and be part of the local community.

2.2 Equality Issues

- The Strategy aims to provide affordable and long-term accommodation for those who need it, irrespective of race, gender, sexuality, age, religion or belief, disability, marital status, pregnancy or maternity.

2.3 Community Safety Issues (Section 17)

- Improving access to homes and supporting people to be part of their communities will help reduce anti-social behaviour, The Strategy also includes the specific ambition to better tackle anti-social behaviour within Adur Homes estates

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- The Strategy supports the United Nations 2030 Agenda for Sustainable Development, through our commitments to help those in poverty and prevent homelessness, to promote health and wellbeing and to ensure our developments are sustainable by design.

4. Governance

- The draft Housing Strategy mirrors and extends the ambitions for housing set out in Platforms for our Places. It also links with a number of other strategies and plans, which are set out in Chapter 2 “A Connected Strategy”.
- The Strategy will be monitored with regular reports to members on progress.

Adur and Worthing Councils Housing Strategy 2020-2023

‘Enabling Communities to Thrive in their own homes’

Executive Summary

Having a secure and safe home, not just a place to sleep, is one of the most important factors in enabling our communities to thrive. Those we work with have told us that they want us, and our partners, to be more joined up and to support our residents holistically.

As part of the Councils’ strategic vision for our places, the Councils of Adur and Worthing want to build platforms from which people, communities, businesses and ideas can develop and thrive. This updated Housing Strategy for Adur & Worthing, therefore, is not just about buildings but is about people and communities. How we can support, enable and sometimes enforce the right conditions for people to both have a home and to thrive in their community.

The Strategy sets out three key priorities:

Priority 1: Housing Related Wellbeing and Support

Our aim is to identify early those who are at risk of homelessness so we can work with them to maintain their tenancies or find alternative accommodation and so avoid becoming homeless. This will include working with partners to support adults who are vulnerable and have complex needs to sustain their tenancies.

By working with other agencies we will also help those sleeping on the streets to get the support they need to find and maintain accommodation and to improve their health outcomes.

Priority 2: Better Homes; Stronger Communities

We will continue to drive up standards in the private rented sector by making landlords carry out improvements where necessary and by licensing Houses in Multiple Occupation. We will also help those with disabilities, mobility problems or poor health to remain in their own homes as long as possible by providing grants for adaptations and equipment such as community alarms.

We will continue to manage our own housing stock in Adur District, developing better tenant engagement and helping to tackle anti-social behaviour. We will support wider communities to thrive by designing the built environment of places so that it encourages connections, engagement and supportive behaviour.

Priority 3: Improving the levels of affordable housing supply

We will increase access to housing for people of all ages by working in partnership with developers to ensure housing schemes are sustainable by design, provide for community interaction and include a significant number of homes that are affordable. This will include our own developments, purchasing land to develop affordable homes for sale and rent.

We will also continue to provide access to private rented accommodation for people in receipt of benefits through the 'Opening Doors' lettings scheme that provides an attractive service for landlords in exchange for below market rents.

Our Action plan:

Priority 1: Housing Related Wellbeing and Support

We will work with partners to:

- identify those at risk of homelessness earlier.
- agree pathways into our services to prevent homelessness and help people into sustainable accommodation.
- help residents in all types of housing to sustain and manage their accommodation.
- reduce the need for people to sleep rough,
- develop 'Housing First', a proven model to tackle entrenched and complex need rough sleeping.
- further develop joint contract management and supported housing panels.
- develop the single person's pathway
- support those in need of targeted interventions to live well, retain their tenancies and remain independent.

Priority 2: Better Homes; Stronger Communities

We will:

- identify homes in multiple occupation and ensure they are licensed.
- sustain enforcement and regulatory activity so that the better homes standards are maintained.
- work closely with West Sussex County Council to enable effective use of the Mandatory Grant system for adaptations.
- use Discretionary Grants to support people to remain healthy and comfortable in their homes for as long as possible.

- publish our Resident Engagement Strategy, promoting involvement and feedback to Adur District Council as landlord (Adur Homes)
- develop a joint prevention and enforcement approach to Anti-Social Behaviour (ASB)
- deliver a fully revised and prioritised capital programme and a full asset management programme
- work closely with colleagues delivering the West Sussex 'Smart Hubs' programme of work to increase energy efficiency of our stock
- ensure the Health and Safety of our residents by sustaining 100% compliance on Fire Risk Assessments.

Priority 3: Improving the levels of affordable housing supply

We will:

- publish our Development Strategy and deliver the affordable new homes agenda which it sets out.
- update our Temporary Accommodation Strategy
- explore new and innovative partnerships to increase the supply of affordable homes
- extend the Opening Doors social landlord scheme

DRAFT

**Adur and Worthing
Councils
Housing Strategy
2020 - 2023**

**Enabling Communities
to Thrive in their own Homes**

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Chapter 1 : Introduction - Our Ambition

Our ambition for this strategy fundamentally builds upon the vision and strategic foundations outlined in our last strategy - that is, for everyone to have a place they can call home, whether it is owned, shared or rented.

Having a secure and safe home, not just a place to sleep, is one of the most important factors in enabling our communities to thrive.

We have learnt over the last three years that bricks and mortar matter. But so does understanding people as individuals and families, who have connections and are our communities. Those we work with have told us that they want us, and our partners, to be more joined up and to support our residents holistically, recognising they bring assets and strengths, as well as needs, to the discussions that we have.

As part of our strategic vision for our places, the Councils of Adur and Worthing want to build platforms from which people, communities, businesses and ideas can develop and thrive.

This strategy, therefore, is deliberately not just about buildings but is about people and communities. How we can support, enable and sometimes enforce the right conditions for people to both have a home and to thrive in their community.

Our Ambition

Our ambition remains a Housing Strategy that:

- delivers secure and appropriate housing for the people of Adur and Worthing
- supports aspiration, individual and community resilience, and economic growth
- enables all sectors within our communities to live healthy, secure and purposeful lives
- is delivered in partnership with businesses, people, and statutory and voluntary sector agencies.

Chapter 2: A Connected Strategy

In 2016, Adur and Worthing Councils published Platforms for Our Places and in 2019 this was revised and updated. Fundamentally, the Councils see their roles as enablers, conveners and, in the case of those in significant need, providers.

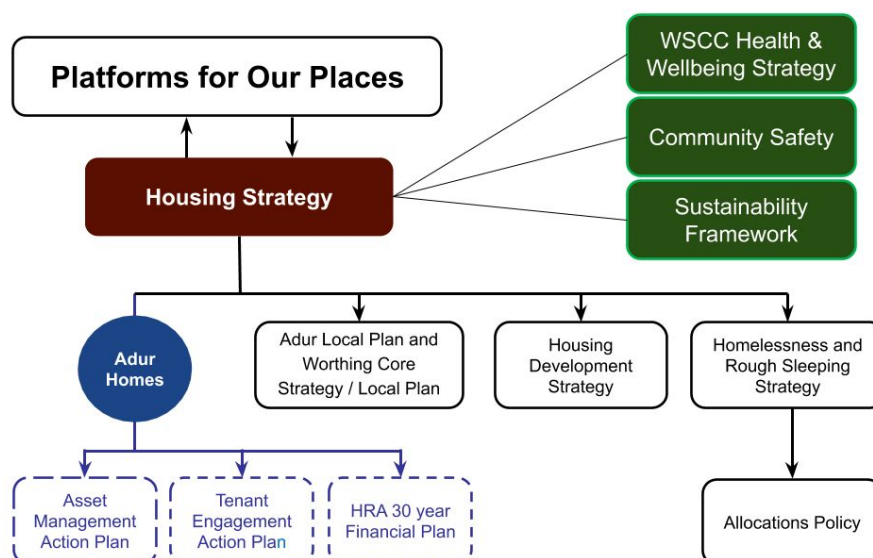
Our housing strategy is a core part of delivering upon the ambitions set out within Platforms for Our Places: Going Further and supports our strategic priorities of:

- Prosperous Places
- Thriving People and Communities
- Tackling Climate Change and Supporting our Natural Environment
- Delivering Good Services and New Solutions
- Leadership in our Places

It also supports the United Nations 2030 Agenda for Sustainable Development, through our commitments to help those in poverty and prevent homelessness, to promote health and wellbeing and to ensure our developments are sustainable by design.

Our housing strategy will not detail everything that is relevant to enabling our residents to thrive in their own home, instead it forms part of a connected set of plans and strategies as outlined below. However, our ambition will be that all that we do, is connected to the ambitions for our places.

A Connected Housing Strategy:



Working in Systems

As well as being connected to other strategies and plans that the Councils seek to deliver, we recognise that our work is only a small part of a much wider system that will affect our ability to succeed, and has immense impact upon our communities. Therefore we cannot deliver any strategy in isolation from our key partners, stakeholders and most importantly, our residents.

Our strategy is informed by two specific pieces of work that involved research with those who have used our services:

- 'Making Homelessness Everyone's Business' the project that transformed our approach to preventing homelessness in Adur and Worthing; and
- Work commissioned from 'WeareSnook'¹ by the West Sussex Supported Housing Task and Finish group. This latter assisted in the creation of a set of guiding principles for future commissioning and guides our collective ambition to enable the most vulnerable in our communities across West Sussex, to access appropriate housing related support.

In developing this strategy we have specifically engaged with a wide group of local partners including:

- The A&W Homelessness Forum
- The Local Community Networks (health system partners)
- Strategic housing partners including registered providers and third sector providers
- Our private sector landlords
- Groups of people who have used our services

Our ambition, as system leaders, is to focus our energy at different levels. We must, of course, always ensure that the services we provide are determined by the strengths and needs of the individual or family with whom we are working and are delivered with regard to the legal and policy framework that governs much of this work. However, unless we also work at a place and at a systemic level, we will struggle to create the conditions for our communities to thrive in the longer term.

Person Centred Design

Over the last three years we have been developing the ways in which we design our services and solutions that involve, include and provide good services to our

¹ WeareSnook is a design studio that works with organisations to tackle complex challenges in service design.

residents. Our aim is that our services are designed, commissioned and developed in collaboration with our residents so our services meet genuine needs.

In 2019 Adur and Worthing Councils along with every West Sussex district and boroughs, West Sussex County Council and a range of providers of supported and other housing services, came together to work on a project to map, understand and describe the complex system in which we work. In undertaking this project a variety of workshops and in depth research interviews were conducted, with both the users of services, the providers of services and the commissioners of services. One of the key outputs is a set of shared design principles, which we have committed to adopting when designing or commissioning services going forward.

Build on strengths - We will help people see their strengths and will focus our services on supporting them to achieve their goals, treating our customers with empathy and dignity.

Whole system approach - We will strive to work in a way that is seamless across organisations so that no-one falls through the gaps and the customer experience is of one service, no matter how many providers are involved.

Design, develop and deliver together - We will create services that genuinely meet the needs of customers by gathering customer insight and combining it with other evidence and tested models of delivery.

Focused, efficient and valued - We will ensure that services are delivered by the right people, at the right time and in the most cost-effective way, avoiding duplication and waste.

Outcome based - We will identify the outcomes that our customers want, measure our progress and hold ourselves to account.

Dynamic and Resilient - We will ensure that our services are flexible enough to meet the different needs of customers and are able to adapt to change.

Coherent, simple and accessible - We will ensure that customers know what to expect and the options they have and that they can access what they need when they need it.

Chapter 3: Strategic Context

National Landscape²

Nationally there is a shortage of land available for development, particularly in the least affordable areas. This is one of the key reasons for the undersupply of homes. A combination of fragmented land ownership, planning uncertainty, remediation and servicing costs, and a lack of strategic infrastructure mean that land is still a barrier to increasing home building.

Since the global financial crisis many developers have reported difficulties accessing capital. In particular, there has been little commercial lending to smaller house builders and, where it does take place, it is often on highly restrictive terms.

Productivity and innovation growth in the construction industry has been low for the past 25 years and continues to lag behind the UK economy as a whole. Based on current entrant levels, the construction sector could see a 20 to 25% decline in the workforce by 2026, with skills shortages particularly acute in traditional areas of construction such as brick-laying and plastering.

The increase in housing completions in recent years has magnified this problem, with a shortage of construction and professional skills alongside supply limits on traditional building materials. At the same time, while there is increased interest in modern methods of construction (MMC), take up is being held back. This is due to a number of challenges, including limited production and skills capacity.

A study by the Home Builders Federation found that in 1988 more than 12,000 SMEs were responsible for nearly 40% of all new homes. In 2017, there were only around 2,500 SMEs active in the sector, responsible for just 12% of new homes. The financial crisis exacerbated this trend, meaning England is now increasingly dependent on a small number of big house builders. There are a number of barriers preventing smaller builders from delivering a greater number of homes including:

- a lack of development finance
- a land market weighted in favour of larger builders
- a complex planning system

Demand for housing (driven up by an increasing population, decreasing household size and improved credit availability) has outpaced housing supply. As a result, England has seen some of the highest house price inflation in recent years and has some of the least affordable areas in the OECD, with an average home now costing

² Source: Homes England strategic plan 2018 to 2023

almost eight times more than average earnings. This is most notable in the South East, where the ratio of average house price to average income has reached 10.3.

This means millions of younger families and first-time buyers are unable to purchase a home. As a result, owner occupation has gradually declined from a peak of 71% in 2003 to around 63% in 2014, where it has since remained.

Changing Legislative Context

The Homelessness Reduction Act 2017 came into force on 3 April 2018. It places new legal duties on housing authorities, with a focus on preventing homelessness. The most significant change is that anyone who is homeless or at risk of homelessness is able to access support, regardless of their priority need status.

On 29 October 2018, the Housing Revenue Account (HRA) borrowing cap was abolished. As a result, local authorities with an HRA are no longer constrained by government controls over borrowing for house building and are able to borrow against their expected rental income, in line with the CIPFA Prudential Code.

On 20 March 2019 the Homes (Fitness for Human Habitation) Act 2018 came into force. It sets out that landlords must ensure their properties are safe, healthy and free from things that could cause serious harm. If rented houses and flats are not 'fit for human habitation', tenants can now take their landlords to court. The court can make the landlord carry out repairs or put right health and safety problems. The court can also make the landlord pay compensation to the tenant.

On 1 October 2018 "The Licensing of House in Multiple Occupation (England) Order 2018" came into force. It changed the definition of an HMO under the Housing Act 2004. Under the 2018 Order, the three storey element of the licencing criteria was removed meaning that any HMO occupied by five or more individuals (who are not in a single household) will require a mandatory HMO Licence.

Local Landscape

Demographic changes

People aged over 65 represent 22.8% of the local population across Adur & Worthing and numbers are expected to grow significantly. Numbers of people aged over 65 are projected to increase by 4,315 (28.6%) in Adur and 10,528 (41.9%) in Worthing between 2016-36.

Linked to a growing older population, the number of people with health problems and/or disabilities is also projected to increase significantly. In Adur, the number of people with mobility problems is projected to rise by 965 between 2016 and 2036. In Worthing, the number of people with mobility problems is projected to rise by 2,395 over the same period.

The number of family households in Adur District is projected to grow by 7.4% between 2019 and 2036, while a fall of 9.4% is projected in Worthing Borough over the same period.

Demographic projections show that the number of younger households is expected to fall by 1% in Adur District, representing a decline of 73 households, and 16% in Worthing Borough, equal to decline of 1,842 households, over the period 2019-36.

Local Housing need³

House prices have continued to rise, with median house prices reaching £305,000 in Adur and £295,000 in Worthing. Notably, entry-level house prices are now 13.41 times the average earnings of younger households in Adur and 12.04 times in Worthing, pointing to significant barriers to younger households in being able to buy a home.

The growth in rental values across all property sizes has been strong for both authority areas when set against the South East and England – particularly for three and four bedroom homes. Median rental values in Adur are close to the South East average at £875 PCM whilst values are lower in Worthing at £775 PCM.

Based on demographic projections, there is a need for 653 additional affordable housing units per annum across Adur and Worthing for those who cannot afford to rent. There is also a need for an additional 146 affordable homes per annum to buy across both areas.

It is important to note that the demographic projections of the number of families and younger people across Adur and Worthing are affected by the lack of suitable and affordable homes. That is, rather than reflecting the number of households who would want to live in Adur and Worthing if they could afford it, it indicates that many families have to look for affordable homes outside of the area.

The implication of this is that the delivery of (and access to) affordable housing is very important in ensuring that a balanced population profile is maintained in the authority areas. If housing accessibility for younger households and families continues to be constrained, thus inhibiting their ability to move to or stay within the local area; this could harm the economy (through affecting the ability of employers to recruit) and may lead to unsustainable longer-distance commuting patterns.

While affordability issues may be less for older people, the increasing number of older persons and people with disabilities also drives a need for new homes which meet particular needs:

- 188 wheelchair-user homes in Adur and 299 in Worthing.
- 488 properties in Adur with support, such as sheltered housing or retirement living, and 898 in Worthing.

³ Source: Strategic Housing Market Assessment

- 430 homes with care units, with a need for both market and affordable provision, in Adur and Worthing.

Homelessness⁴

In the first three quarters of 2019/20, there were 143 homeless applications in Adur and 399 in Worthing. In addition there were 63 cases where advice only was sought in Adur and 168 in Worthing.

Of these, interventions led by the Homelessness Teams resulted in 81 households in Adur and 186 in Worthing being prevented from becoming homeless.

Adur District 2019/20	Q1	Q2	Q3
Homeless Applications	53	49	41
Advice only cases	14	27	22

Households assisted to remain in existing home	13	7	5
Households assisted to obtain alternative accommodation	10	14	8
Households where cases successfully relieved	5	11	8

Worthing Borough 2019/20	Q1	Q2	Q3
Homeless Applications	134	145	120
Advice only cases	48	68	52

Households assisted to remain in existing home	19	12	6
Households assisted to obtain alternative accommodation	25	16	25
Households where cases successfully relieved	19	29	35

Affordable Housing supply⁵

At the point of the 2011 Census, the proportion of home ownership in Adur and Worthing was relatively high, at 75% and 70% of all households respectively, when compared with the South East and England. Conversely, the proportion of private renters was notably low in Adur, at 12%, and markedly high, at 20%, in Worthing.

⁴ Source: Housing Needs data

⁵ Source: Strategic Housing Market Assessment and 2011 Census

Tenure Profile by Households, 2011

Area	Owned	Social Rented	Private Rented
Adur	75%	13%	12%
Worthing	70%	10%	20%
South East	69%	14%	17%
England	65%	18%	17%

Source: Census 2011

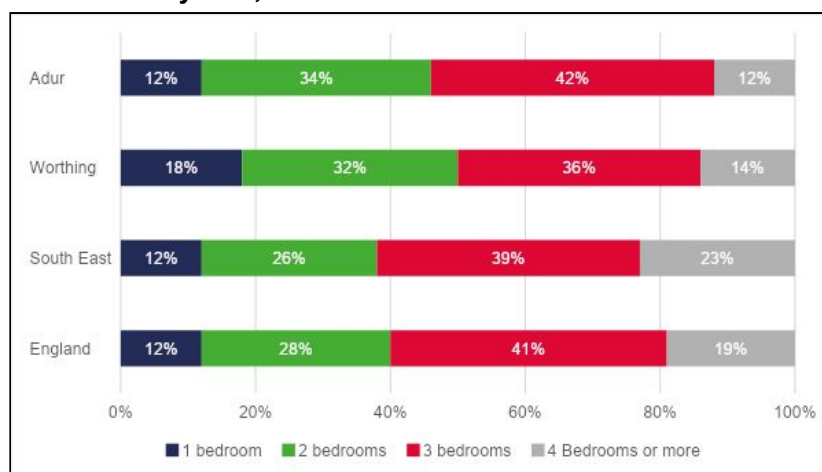
The Profile of Existing Affordable Homes in Adur & Worthing, 2019

	Adur	Worthing
General Needs, Self-Contained	946	4,047
General Needs Non Self-Contained	0	33
General Needs	946	4,080
Supported Housing	76	235
Housing for Older People	51	490
Low Cost Home Ownership	155	155

Source: Regulator of Social Housing, 2019

The Adur housing market is principally characterised by semi-detached properties with this type accounting for 38% of all households, while there is a predominance of flats in Worthing, with this type accounting for 34% of all households. There is a low proportion of detached properties in both areas, particularly in comparison to the South East. As a consequence, Adur and Worthing have a lower proportion of larger family sized housing, including 4 or more bedroom properties, than that seen regionally and nationally.

Households by Size, 2011



In respect of delivery, in Adur completions have fluctuated for the majority of the last decade. Since 2015/16, delivery of housing has increased year-on-year although it has not yet returned to the high number of completions achieved between 2011 and 2013 (193 per annum). In 2015/16, only 31 homes were delivered.

The adoption of the Adur Local Plan 2017 will result in an increase in number, as two large strategic greenfield development sites have been allocated (West Sompting and New Monks Farm) as well as a broad location for approximately 1,000 dwellings at Shoreham Harbour. It should be noted, however, that in view of the lack of land and environmental constraints the Local Plan was found sound by a Government appointed Inspector despite a 3,500 shortfall on the District's objectively assessed (housing) needs (OAN).

In Worthing, housing completions fluctuated between 2007 and 2013 but have increased year-on-year since then. Over the previous three years, Worthing saw housing completions that were more than double their annual housing target set in the adopted Core Strategy (200 dwellings p.a.), albeit this was anticipated in the housing trajectory as the urban extension at West Durrington was planned to be delivered early in the Plan. However, the Core Strategy was based on the housing requirements set out in the South East Plan and this did not reflect the Boroughs future housing needs.

Following the withdrawal of the SE Plan, the Localism Act 2011 and the National Planning Policy Framework (NPPF) Worthing Council is reviewing its Local Plan. The Objectively Assessed (Housing) Need and the more recent standard methodology for calculating future housing needs⁶ has identified a housing need for Worthing Borough of approximately 900 dwellings per annum. As with Adur District the lack of land significantly constrains the ability to meet the Council's future housing needs and even releasing a number of greenfield sites will result in a significant housing shortfall (approximately 6 - 7,000 dwellings).

The constrained nature of both Adur and Worthing and the inability to deliver its future housing needs, accentuates the affordable housing need and clearly demands a more proactive approach to meet the needs of those in greatest housing need.

Private Sector Housing

The private rented sector has grown significantly over the last 15 years and now accounts for twenty percent of households in the UK. Locally the proportion varies depending on the mix of housing type - 26% of the private housing stock in Worthing is rented, but only 10% in Adur.

The private rented sector is also accommodating a more diverse range of households, including many more families with children. More of those living in the sector expect to do so for long periods and average tenancy lengths are increasing. The supply of private sector housing for rent has also changed, with the proportion of private landlords who own and manage only one or a few properties increasing substantially.

⁶ Source - <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

The legal definition of licensable Houses in Multiple Occupation (HMOs) was extended in Oct 2017, which tripled the number of such properties across Adur & Worthing. Currently there is a growing need for affordable single person accommodation and HMOs generally provide the cheapest form of private sector housing. Welfare Reform has led to single people under 35 being restricted to claiming benefit for a single room. At the same time there is growth in demand from working people priced out of the self-contained private rented sector because of rising rents.

HMOs are also popular with landlords as offering a good return on their investment, compared to single-family lets, and there is a noticeable move towards providing high-quality developments to attract young professionals. This represents a move away from the traditional image of HMOs as only providing housing for the lower end of the market, although examples of the latter still exist.

Certain HMOs (five or more tenants not forming a single household) have to be licenced due to the greater risks to the health and safety of tenants presented by this type of accommodation. There are currently 134 licensed HMOs (122 in Worthing and 12 in Adur) in the area with a further 34 HMO applications being processed (29 in Worthing and 5 in Adur). The Councils have used local intelligence to develop a database of other properties that may need licensing as an HMO and so require investigation.

There is an unknown number of HMOs (three or more tenants not forming a single household) that, while not requiring a license, are subject to legislation that puts additional management duties on their owners. These are only likely to come to the attention of the Councils as a result of complaints about housing conditions.

Staying at home for longer

In December 2017, the Councils introduced a range of new Discretionary Grants via the Interim Private Sector Housing Assistance Policy. These supplemented the longstanding Mandatory Disabled Facility Grant Scheme allowing more flexibility to assist people with timely interventions that would have societal benefits and overall cost savings. New Discretionary Grants include:

- Safe and Warm Grant (for home repairs),
- Technology Grant (for emerging smart solutions),
- Hospital Discharge Grant (to facilitate safe and speedy return home) and
- Discretionary top up DFG (to allow up to £30,000) additional funding to large adaptation schemes.

Records for 2018 /19 show that of the £1.85m of grants awarded, 89% of these were for a traditional Mandatory DFG at an average cost approved of £8500. The other 11% were Discretionary Grants with an average cost approved of £3300. The demand for both types is increasing.

The Council also offers a Community Alarm service throughout Adur and Worthing (and into parts of Mid-Sussex). The service enables older, disabled and vulnerable people to get emergency help 24 hours a day, 365 days a year, at the touch of an alarm button, which is worn as a pendant or on the wrist. Further sensors, such as smoke detectors, carbon monoxide detectors and fall detectors, can be added which will also sound an alarm at the call centre.

Customers report that the service provides the peace of mind and security to continue living independently in their own homes, as well as reassuring their family or friends that they will be contacted in the case of an emergency.

Adur Homes

Adur Homes is the generic term used to describe the Adur District Council teams that provide landlord services to tenants in homes owned by the Council and to leaseholders who have purchased a council property. Adur District Council owns and manages 3,071 properties (2,545 rented and 526 leasehold). This represents over 50% of social housing in the district. It also has a portfolio of over 1,000 garages.

In terms of tenure, 73% of properties are rented as general needs, 10% are rented as sheltered housing and 17% are leasehold properties.

The majority of Adur Homes properties were constructed between 1940 and 1990 and are of traditional low rise construction. The tallest buildings across the district are Grange Court and Sea House which are two, six storey blocks, located in Southwick.

Based on data from the Council's most recent stock condition survey records, coupled with local knowledge, an ongoing programme of capital funded repairs are being undertaken or planned to Adur Homes properties across the district. This programme is intended to maintain and improve the properties for the benefit of our residents and currently includes fire safety improvements, internal and external repairs, new kitchens and bathrooms and new heating systems.

As part of the recent stock condition survey programme, an energy assessment was undertaken and it was found that Adur Homes properties have an average EPC rating of Band D, which is higher than the national average.

However, opportunities to improve the EPC rating of Adur Homes properties and introduce more energy efficient services and systems are being considered as part

of the planned capital works and other local carbon reduction initiatives, with the view of reducing energy consumption and fuel costs to our residents.

The 1% rent reduction from April 2016 for a four year period has imposed constraints on the HRA business plan leading to the use of reserves and creating a deficit position in the HRA in recent years. The return of rent increases will, over a period of time, help address the deficit.

Chapter 4: Our Priorities

Priority 1: Housing Related Wellbeing and Support

Preventing Homelessness

The Homelessness Reduction Act 2017 (the Act), which came into force on 3 April 2018, has enabled local authorities to develop a more flexible and sustainable approach to the prevention of homelessness by:

- Increasing the length of time where a person is defined as “threatened with homelessness” from 28 to 56 days. This allows more opportunity to work with clients in housing need to find solutions which will prevent homelessness from occurring and also to consider what support needs have to be addressed to help them sustain their accommodation longer term.
- Placing homelessness prevention and relief work at the heart of the legislation. This enables us to prioritise supporting people and develop personalised housing plans which set out the steps an individual and the housing authority must take for the individual to remain in or find suitable accommodation. The personalised housing plan is agreed following an assessment of the applicant’s circumstances and the support needs of all household members with the aim of developing a realistic pathway into a range of housing options, dependent on the household’s needs.
- The reasonable steps agreed in the personalised housing plan can include a wide range of actions that can lead to positive outcomes for a household that is at risk of homelessness or already homeless. These can be steps such as the following: mediation with family and friends to prevent eviction while alternative accommodation options are explored, accessing Discretionary Housing Payments (DHPs) to cover temporary shortfalls in rent due to change of circumstances or to cover rent in advance and deposits to secure privately rented accommodation, providing support and advice to access affordable private rented accommodation, referrals to supported housing for single people dependent on their age and support needs, developing creative housing pathways for people who have a history of long term rough sleeping and who historically can be hard to engage with.
- The steps agreed in the personalised housing plan can also include signposting and referrals to other agencies and services that can support a household or individual where it has been identified that a support need may have a negative impact on their ability to sustain or find accommodation.

Support needs may include: financial and/or budgeting difficulties that can impact the affordability of accommodation, access to work and training, support with benefits, alcohol and substance issues, domestic abuse, mental or physical ill health, complex needs, gambling addiction, IT and literacy support.

- Changing the way all councils now work with single homeless people is one of the most important changes that the Act has enabled. Prior to the implementation of the Act many single people would be offered only advice regarding their housing options, with no ongoing duty to support an applicant with their housing issues. The Act introduced a statutory duty to work with single homeless applicants, regardless of whether they are considered to be in priority need for housing, for a minimum of 56 days under the prevention duty (threatened with homelessness) and for a further 56 days under the relief duty (when they become homeless). The Councils *'Preventing Homelessness Project - making homelessness everyone's business'*, launched in 2017 before the Act was implemented, was developed in order to support the Councils, our local system of housing and other agencies, and our customers to prepare for these new duties. As a consequence, the Councils now work with our single homeless clients in a more intensive, targeted and multi-agency way. This has resulted in an increase in positive outcomes for this customer group which include better access to privately rented accommodation or placement in supported housing, as well as referrals to relevant agencies to address support needs.
- Placing a duty on certain public authorities to refer service users who they think may be homeless or threatened with homelessness to a housing authority. This means we can provide advice and support at the earliest possible stage. Some of the public authorities that are now have a statutory duty to refer clients they believe may be at risk of homelessness include probation and prisons, hospitals, youth offending teams and social services.

During the life of the last housing strategy, Adur and Worthing Councils restructured the teams working with those at risk of homelessness so that we now have dedicated support for families and single people, including rough sleepers. Those teams have also been working with partner organisations such as JobCentrePlus, Integrated Prevention and Early Help (WSCC Children's Services), Worthing Homes, Turning Tides, Adult Social Care, Probation, Supported Housing providers, Worthing Medical Group, colleagues in other West Sussex District and Boroughs and County Council Commissioning and Young People and Care Leaver Services. This joint working also includes Housing Needs officers being co-located several days a week at the Early Help (Children's Services) and JobCentrePlus where they can take direct early referrals and offer housing advice to those services.

A Housing Needs officer, co-located at Early Help (Children's Services), received a referral for a family with two young children. There were concerns about the risk of eviction from their private rented accommodation.

The Housing Officer accompanied the Early Help worker on a home visit to meet the family and discuss their housing situation. They discovered that the family had been offered a further 12 month assured shorthold tenancy by their landlord, but were refusing to sign the new agreement as they believed that they would be re-housed soon into social housing via the housing register and would not accept what the Early Help team were telling them about this being unrealistic.

The Housing Officer was able to have an honest conversation about what would happen if they did not sign the new tenancy agreement, explaining that the landlord could instigate eviction proceedings and that they were at serious risk of homelessness. Unless they could make their own arrangements for accommodation, they were advised that they would have to accept a temporary accommodation placement and that this could be away from their support network. Importantly, there was a discussion about the housing register and the high demand for social housing in this area, which means that households can be waiting an average of five years to be re-housed.

This early and joined up intervention prevented a young and vulnerable family from becoming homeless and being placed in temporary accommodation, which would have exacerbated any existing support needs.

This case highlights the importance of the Making Homelessness Everyone's Business project as before the partnership with Children's Services Early Help it is likely that the Homelessness Service would not have known about the family's situation until they showed up on the day homeless.

We will now:

- Build upon our prevention agenda to engage a wider set of partners, such as GPs, health visitors, psychiatric and general hospital staff, including discharge teams, probation and prisons to identify those at risk of homelessness earlier.
- With our partners, agree pathways into our services and to enable joint working with the aim of preventing homelessness and, where this is not possible, to agree realistic pathways into sustainable accommodation.

- Develop further joint working with partners to help residents in all types of housing (private rented, social housing, supported housing, temporary accommodation, living with family) to sustain and manage their accommodation.
- Support cross sector work to prevent homelessness and build assets to improve:
 - Financial health, benefit and debt support
 - Access to work and employment
 - Access to digital skills, capabilities and tools
 - Wider physical and mental health and wellbeing outcomes as part of the Councils 'Thriving People and Communities' agenda.

Reducing Rough Sleeping

In March 2018, the Ministry of Housing, Communities and Local Government (MHCLG) announced funding to tackle Rough Sleeping in response to the numbers of Rough Sleepers rising nationally by 165% since 2010. MHCLG has set a target to halve rough sleeping by 2022 and end it completely by 2027. Locally the numbers in Worthing were increasing, whilst those in Adur remained static. Worthing Borough Council received MHCLG funding to help tackle rough sleeping with the caveat that Adur residents would also benefit from the services and interventions developed.

Rough Sleeping Figures: Official Annual Count

	Worthing Estimate	Worthing Count	Adur Estimate	Adur Count
2019/20	13	7	2	0
2018/19	23	11	1	0
2017/18	34	19	2	0
2016/17	26	11	2	0

MHCLG has released a number of funding streams and we are currently in receipt of funding from the following streams:

- Rough Sleeper Initiative (RSI)
- Cold Weather Fund (CWF)
- Rapid Rehousing Pathway (RRP) in partnership with West Sussex County Council (WSCC) and West Sussex District and Borough Councils
- Public Health England (PHE) Rough Sleeping Initiative, in partnership with WSCC, Worthing Hospital Accident & Emergency department, CGL, Turning

Tides, Stonepillow, Crawley Open House and Emerging Futures that is currently being mobilised

RSI and RRP funding ends in March 2020 and at time of writing we are waiting for the outcome of the next one year funding stream. Should future funding bids be successful, we will continue the work we have undertaken with our partners to find flexible and meaningful housing solutions for people who have a history of rough sleeping.

“Lucy” is a young woman in her early 20’s who was found by outreach sleeping in a tent in the Adur District with her dog. *“Lucy”* had fled domestic violence and there was an injunction against her partner. The outreach team was able to support her with daily living needs and connect with Adur and Worthing Councils’ Housing Needs Team. That team established *“Lucy”* had an open case with the Brighton Housing Needs Team, but she had abandoned the accommodation provided.

Outreach spent time with *“Lucy”* to get a sense of her wishes and needs, taking account of the need to keep her safe as her partner was breaching the Domestic Violence Protection Order and Lucy was expressing a wish to maintain her relationship with him. Outreach spent time talking through the issues and the impacts on her life from this relationship as she had never needed support of services or been homeless before. Outreach then liaised with *“Lucy”* and Brighton services for a planned and supported reconnection into accommodation.

The work that we have begun this year, using the RRP funding, has been instrumental in supporting extremely vulnerable people. The recruitment of supported lettings officers, provides a means for early identification of those at risk of rough sleeping and specialist support to sustain a range of housing tenancies. The same funding has enabled the Councils to also recruit a navigator, who provides intensive outreach support to clients who sleep rough and have very complex needs.

The cold weather fund has enabled interventions that house and/or reconnect individuals to their support networks. It has also assisted with breaking up a network of organised begging.

Success in future funding applications will allow us to incorporate these roles into our RSI work which also provides interventions, outreach services, mental health support and, critically, access to accommodation which create an access route into housing for those with the most complex and greatest support needs.

“John” was an ‘entrenched rough sleeper’ with a dog and in a relationship with a female rough sleeper, both of which created barriers to “John” accessing supported housing due to the lack of provision for couples. This is a national issue due to the risks associated with couples with complex needs.

“John” has been known to local services for more than five years and has been evicted from multiple supported accommodation settings. “John” also has support needs around his mental health and substance misuse, two factors which, when combined, make it very difficult for people to access the right kind of support.

Mental Health services can be reluctant to provide treatment to those actively misusing substances which can lead to the a cycle of increasingly poor mental health and high level of substance misuse as individuals self-medicate to address the symptoms of their mental ill health. This results in complex health and support needs and the intervention from a range of services during episodes of crises. “John” had previously engaged well with support and became substance free, enabling him to engage meaningfully, return to work and move into the private rented sector (PRS), however, he struggled to maintain the accommodation long term and was evicted.

Unfortunately “John” has had a series of unsuccessful placements in supported housing and temporary accommodation, resulting in a damaging cycle of him resuming sleeping on our streets. When “John” is sleeping rough his support needs around his mental health and substance misuse become very acute and he becomes very vulnerable.

Following “John”’s most recent eviction, he slept on our streets for approximately four months, which had a significant impact on his mental health and ability to cope, and our outreach services reported their concerns about him and his challenging behaviours. Unfortunately due to this, his poor housing history, his partner and her dog, who were also sleeping rough, there were significant barriers to relieving “John”’s homelessness, causing him further distress and anxiety.

In order to increase his life chances “John” was provided with a Rough Sleeper Initiative funded bed space in local temporary accommodation and he has settled well, with no reported incidents. “John” is engaging with support and as his frustration about a lack of a housing plan has reduced, enabling him to interact and engage with support services which hopefully will be more meaningful and useful.

In order to provide meaningful activity for “John”, boxing lessons were provided for a month using the RSI personalisation budget. “John”’s continued engagement with support workers will facilitate a move-on into settled accommodation once more. His partner was also offered her own housing pathway which meets her particular support needs and which also accommodates the couple’s dog.

We will now:

- Through commissioning, pathway development and inward funding, focus on
 - reducing the need for people to sleep rough; and
 - improving health outcomes for those who have slept rough.
- Through the Homelessness Forum, PHE Hospital Admission Reduction Pathway (HARP), Mental Health and Housing Group, and Winter Pressure pilots, develop pathways and provision for
 - hospital discharges and prison releases to prevent rough sleeping.
- With the new RSI funding stream, work to
 - embed Psychologically Informed Environments into our approach; and
 - tackle the issue of complex need clients being repeatedly evicted and returning to rough sleeping.
- Develop 'Housing First', a proven model to tackle entrenched and complex need rough sleeping, throughout our provision and through supporting our third sector providers in bidding for funds for this work.
- Continue to develop joint contract management and supported housing panels.
- Develop the single person's pathway to introduce 'Step Up' and 'Step Down' options and temporary exclusions rather than evictions to further address the issue of repeat evictions and long term exclusion and develop move on options that meet the varying needs of single homeless people.

Supporting vulnerable adults and those with complex needs

The increase of vulnerable adults with complex needs is both a local, regional and national issue. Authorities across our area are working with an increasing number of single adults in temporary accommodation who are unable to maintain and manage accommodation and who have no viable move on options. In Adur and Worthing the split between families and single people in temporary accommodation is 50/50 which is sustained using a variety of support from our Housing and RSI/RRP staff.

A number of accommodation based contracts have been recommissioned directly by WSCC, with agreement that there will be joint oversight and closer contract management with the relevant district authority.

WSSC and all the Districts and Boroughs are also working together to co-commission a floating support contract to support all adults, in any type of tenancy, using these principles. The focus of the service will be to prevent homelessness and promote tenancy sustainment for adults who are vulnerable and have complex needs.

There are a number of other initiatives, with which Adur and Worthing Councils are actively involved or are taking a lead, that also support our work with the most complex and vulnerable people in our system:

- HARP Systems Leadership Group: focussed on the health and housing needs of rough sleepers, where dual diagnosis is a theme that is to receive focus.
- We have supported WSSC with a Winter Pressure funding pilot trialling mental health step down beds within existing provision and providing mental health social work support to evidence the need and inform provision needs.
- The A&W Housing and Communities Thrive project is moving into delivery 'sprints' - a process of testing ideas with themes around housing, thriving communities, finance, debt, employment and skills and young people.
- The A&W Mental Health and Housing Group recently established to look at mental health and housing needs.
- A&W Systems Leadership: 'No Discharge to the Streets' group is focussed on improving outcomes from those discharged from prisons, hospitals, supported accommodation and other housing
- The A&W Homelessness Forum has agreed to re-establish a Single Homeless Sub Group to be tasked with progressing the work of Housing Panels and pathways for single homeless

The Rough Sleeping Initiative (RSI) funds a variety of interventions and this work will continue and be developed for a further year :

- Additional resources to support those in temporary accommodation and supported accommodation with an SLA to join this work with Brighton and Hove
- Complex Need Workers - this will incorporate the RRP and RSI work for the coming year
- Mental Health Support Worker
- Employment and Skills Worker

- Support and Community Inclusion Workers to support those in temporary and supported accommodation sustain and move on
- Temporary Accommodation units
- SWEP provision for high risk, multiply excluded, customers
- Develop psychologically informed environments and approach to sustainable increase housing options and reduce evictions
- Adopt co-production with service users to include clients' voices in the work and provision that is developed.

There are also number of multi-agency groups that adopt a multidisciplinary approach to case management of vulnerable groups:

- MEAM MARAC (Making Every Adult Matter, Multi-Agency Risk Assessment Conference), which is a forum for cross agency case management of those with the most complex needs.
- The A&W Rough Sleepers Team is a multi-agency group that meets weekly with themes rotated: Support, Health and Wellbeing, Enforcement and Housing Options/ Homeless Prevention. Adult Social Care and Health are part of this group

“Barry” was evicted from an abstinence based supported housing project due to continued substance misuse. *“Barry”* appeared to have underlying mental health support needs and had experienced episodes of homelessness before. However, after this eviction he began rough sleeping for the first time.

“Barry” presented to a homeless drop-in where referrals to alternative accommodation were completed. *“Barry”* was supported by frontline workers who reported that his mental health continued to decline. Accident & Emergency (A&E) were alerted and agreed to complete a mental health assessment to understand his vulnerabilities. Following assessment, *“Barry”* was placed in Temporary Accommodation to reduce the risk of harm.

Once accommodated, *“Barry”* was supported to attend two supported housing assessments by street outreach and was accepted onto a mental health supported housing project. He has moved into an HMO and has floating support to address his offending history, substance misuse and mental health. *“Barry”* continues to reside in this property and appears to be in more settled mental health.

“Jack” is an entrenched rough sleeper who has experienced repeated rough sleeping for around 20 years. He has support needs with his mental and physical health and alcohol use. Despite attempts to support *“Jack”* to attend assessments with an abstinence based environment, he did not turn up, resulting in prolonged rough sleeping.

“Jack” was then provided with a Rough Sleeper Initiative funded bed space in local temporary accommodation for around three weeks. During this time he was supported to stop drinking and maintain his abstinence. He attended Accident and Emergency (A&E) due to his poor physical health and, following a service level agreement with A&E, urgent referrals were made in order to address his health issues. *“Jack”* was also able to be assessed at last due to his continued abstinence. As a result, *“Jack”* was brought to the top of the housing waiting list and accommodated in the next available property that became available. *“Jack”* continues to be abstinent and continues to reside in this accommodation.

We will now:

- Provide support for those in need of targeted interventions to live well, retain their tenancies and remain independent, including:
 - Employing support workers to support vulnerable adults with complex needs, including work by our outreach teams using their ‘Street to Home’ ethos to reduce breakdowns in support and engagement
 - Developing effective pathways for young people, including those leaving local authority care
 - Jointly commissioning services to provide:
 - Targeted and floating support for people of all ages
 - Supported Housing

Priority 2: Better Homes; Stronger Communities

People live in houses and flats, but they also live in communities. Our ambition in this strategy is not only to provide access to the homes people need, but to ensure they are safe, warm, secure and meet their needs. We are also committed to doing what we can to support our communities to thrive by enabling communities to build their connections, resilience and capability. We also want to support our communities to influence the decisions that affect the places in which they live.

Acceptable Living Conditions and Regulation

Poor housing is recognised as one of the major determinants of poor health but some landlords have capitalised on the shortage of dwellings in the private rented sector by renting out substandard or even dangerous properties. More than a quarter of dwellings in the private rented sector are likely to have category 1 hazards, compared to only 1 in 6 owner-occupied properties.

Houses in Multiple Occupation (HMOs) have long been recognised as requiring more intensive regulation, largely due to the greater risks to the health and safety of occupants, especially in respect of fire. The definition of HMOs in the Housing Act 2004 was amended in 2018 for licensing purposes to include all properties with 5 or more occupants not forming a single household. There is also legislation covering the management of HMOs and types of HMOs which need to be licensed.

There is increasing pressure from central government to take positive and proactive action in respect of poor housing conditions and a very clear expectation that the powers available to the Councils should be used to tackle rogue landlords.

Driving up standards in the private rented sector also improves tenants' experiences within this tenure and complements the activities of the Housing Needs team in sustaining tenancies and reducing homelessness.

As a Council we take our responsibilities in regulating this sector seriously. Following changes in the definition of licensable HMOs in 2018, more than 150 additional properties have submitted applications for licenses and we have developed a database of more properties requiring investigation. We also use our powers to ensure landlords tackle issues of disrepair, dealing with over 380 complaints a year about the condition of privately rented properties. We inspect and take appropriate enforcement action in each case with over 70 formal notices served during 2018/19. Where landlords do not comply, we always take legal action and over the last twelve months successfully prosecuted three cases and issued seven Financial Penalty Notices for a total of over £60,000.

The Councils work very closely with West Sussex Fire and Rescue Service (WSFRS) to support our communities and their safety. Following a referral from WSFRS we were asked to inspect a property, a four-storey house which they believed had been poorly converted into seven self-contained flats, with no operational fire detection system in place. WSFRS had planned to serve a prohibition order due to the imminent risk - meaning the seven families in residence would immediately become homeless and would need to be placed in temporary accommodation by the Council.

The Private Sector Housing team were able to respond rapidly and using our emergency powers under the Housing Act 2004, instructed a contractor to fit a compliant fire detection system which removed the need to immediately vacate the building, thus preventing these families from becoming homeless and all of the trauma that entails. Formal notices were served upon the landlord to secure improvements to the flats and common parts, who was subsequently prosecuted for offences under the management of HMO regulations.

We will now:

- Continue to identify homes in multiple occupation and ensure they are licensed.
- Ensure enforcement and regulatory activity is sustained so that the better homes standards are maintained.

Staying safely at home for longer

For those with disabilities, mobility problems or poor health, remaining in their own home can become difficult, yet we know that when people are required to leave their homes, their overall health and wellbeing can worsen. The Councils provide a range of grants which can help those who need it to adapt or repair their homes so they can stay living at home, safely.

The Community Alarm and Telecare Service is a well-established and valued service enabling older, disabled and vulnerable people to get emergency help at their home 24/7. The low-cost basic service provides an alarm button, which is worn as a pendant or on the wrist, linked to a base station which connects to a call centre.

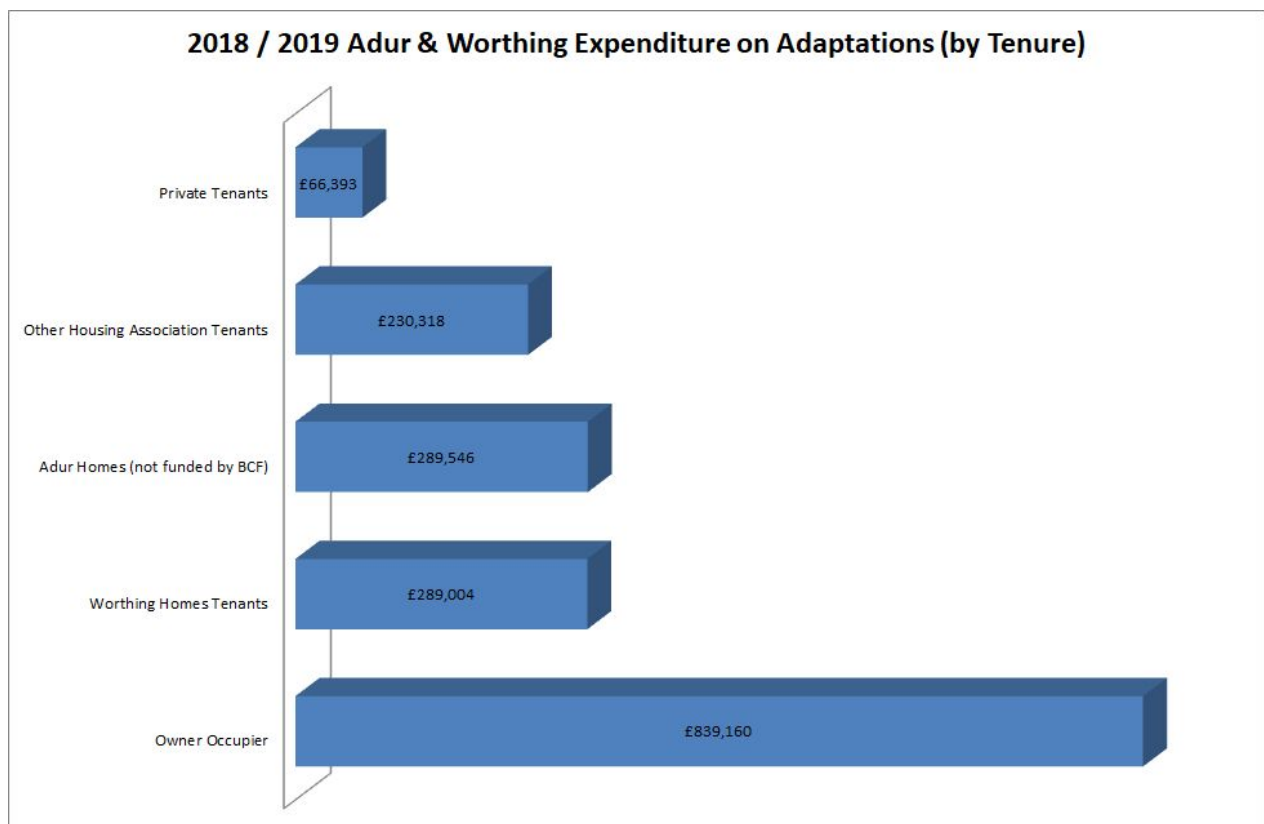
We work closely with West Sussex County Council's Adult Social Care teams as this service helps keep people at home who otherwise might need to move into a more supported environment. Community (or Social) Alarms give customers the

confidence to remain living independently, which for many is preferable to, and more economic, than residential care.

The service can be supplemented by additional services, such as falls detectors, flood detectors, smoke detectors, carbon monoxide detectors, at an additional weekly cost depending on the need of the customer.

We provide support to about 1100 private customers across the area as well as community alarm support to nearly 300 sheltered housing tenants.

Mandatory Disabled Facilities Grants are available for a range of works needed to help people on a low income who have a disability to live more independently in their home. Working closely with West Sussex County Council's Occupational Therapy service, we have assisted several households across several tenures to remain in their accommodation or make it more accessible. Grants are means tested and available to occupants whether they rent or own their property, with the exception of Adur District Council's tenants (where there are separate arrangements). The table below shows how grants have been allocated in the last full year.



Even where a person is not on a means tested benefit, awards can still be made, using a statutory means test which determines how much an individual can afford to pay towards the cost of the works. The remainder of the eligible costs are paid by the Council up to the maximum of £30,000.

The Councils' Home Improvement Agency service offers professional help to support customers to plan the work that needs doing. They liaise with Occupational Therapy colleagues and help with the application process, accessing grant funding and supporting the customer to identify builders and other professionals.

In January 2018, the Councils also introduced a range of Discretionary Grants, which extend our abilities to enable people on a low income to Thrive by enabling them to get assistance to live well and more safely at home.

The Councils also provide funding for homeowners who are in receipt of qualifying means tested benefits to apply for Repair Grant Assistance. The type of work that we fund is restricted to small-scale essential works of repair, where the defects are giving rise to a serious risk to the health of the occupant.

Over the life of the last housing strategy, we helped around 650 households with grants, spending a total of approximately £5 million to enable people to stay safely in their own homes.

Where serious hazards have been found in a vulnerable persons home as the result of disrepair and we can see that the household is not in a position to rectify the matters, the Councils can provide targeted assistance using Safe, Suitable and Warm Grant Funding.

In 2018, the Council helped improve the wellbeing of an elderly resident, referred by WSFRS. Neighbours had asked the fire service to visit and install smoke detectors but instead they found a resident who was at risk from excess hoarded possessions, with no source of heating and whose mobility was so poor that she could not access her first floor bathroom.

Our Home Improvement Agency (HIA) visited and sensitively began a dialogue with the resident to understand her situation and what she wanted to achieve. We began by prioritising heating and safety, by awarding a Safe and Warm Grant. A Repair Grant Assistance was also awarded to replace some dangerous and ineffective windows. West Sussex County Council's Occupational Therapy Team were also involved and recommended a stairlift and a level access bathroom.

The HIA facilitated the grant applications and arranged the installation of the stairlift and conversion of the bathroom. The local community also provided support by helping their neighbour to declutter her home. The changes brought about have enabled the customer to enjoy a new lease on life.

We will now:

- Work closely with West Sussex County Council to enable effective use of the Mandatory Grant system.
- Continue to use Discretionary Grants to enable vulnerable members of our community to thrive and to aim to provide people with the right assistance and support to remain healthy and comfortable in their homes for as long as possible.

Our role as Landlord (Adur District)

Adur Homes is the generic name for Adur District Council's local authority council housing service. Adur District Council owns and manages 3,047 properties (2,545 rented and 526 leasehold). This represents over 50% of social housing in the District. It also has a portfolio of over 1,000 garages.

In terms of tenure, 73% of properties are rented as general needs, 10% are rented as sheltered housing and 17% are leasehold properties.

The key strategic priorities for the next three years centre around:

- *Resident Engagement*

A review of the tenant and leaseholder engagement strategy is being undertaken by a joint working group of tenants and officers facilitated by an independent organisation to develop and modernise our approach. The Strategy will be launched by April 2020 and will show the overall approach to resident engagement to be adopted by Adur Homes, including addressing issues highlighted by the Housing Green Paper of 2018. These will include:

- Effective resolution of complaints
- Empowering and enabling residents to make their views known
- Evaluating our performance through Key Performance Indicators

We will also be engaging with tenants and leaseholders over the next three years to better understand their needs and work with them to co-design better services. This builds on the work undertaken in the first phase of the THRIVE project which saw the Councils' Housing and Wellbeing Teams engaging with the public around issues such as homelessness, nutrition and community asset building.

- *Tackling Anti-Social Behaviour*

We use a “risk of harm” centred approach to tackling anti-social behaviour (ASB) which is sadly sometimes experienced on our estates. The Crime and Policing Act 2014 gave some powers to social landlords, and some additional powers to councils, to manage tenancies where there is ASB.

When we receive a report of ASB, we carry out a risk assessment to establish the severity and urgency of the case. High risk cases are registered on the Empowering Communities Inclusion & Neighbourhood Management System (ECINS), which is a shared system with Sussex Police. Then these, along with medium risk cases, are referred to the ASB Risk Assessment Conference to be managed using a multi agency approach.

There are a number of methods that we use to tackle anti-social behaviour. For example, we refer cases such as neighbour disputes to the West Sussex mediation service. Where the alleged ASB involves a report of significant noise nuisance, the councils’ Environmental Health officers can provide recording equipment to enable us to gather evidence. Where the risk of harm is identified as high, we carry out “safe at home” assessments to identify security solutions and, in severe cases, we can use our joint Management Transfer Policy granting priority home moves for residents who are assessed as not being safe at home.

While we try to deal with anti-social behaviour as quickly as possible, these cases can be very complex and can take several months to resolve as we work with all the parties involved. In November 2019, we had 20 cases under 6 months old, which is in line with our target.

- *Asset Management and Capital Programme*

The Adur Homes Capital Improvement programme, which started in 2016, has completed a wide range of individual projects, including internal investment to properties (e.g. ‘kitchens and bathrooms, central heating installations, fire safety remedial works) and external works to blocks of flats to ensure that buildings are compliant with health and safety requirements.

The costs associated with responsive repairs and capital spend in both tenanted and void properties are rising and the HRA Business Plan, over the next three years, needs to balance short term investment needs with longer term estate and neighborhood renewal. We are developing our planned and

cyclical maintenance programmes and the Council remains committed to high levels of investment into maintaining and improving the condition of our housing stock, following best practices in investment and management.

In developing our Asset Management strategy, we will be taking into account a range of priorities for additional expenditure and reinvestment, alongside core health and safety works. These priorities include our kitchen and bathroom programmes, updating Sheltered Housing schemes, carbon management and energy efficiency measures and disabled adaptations and property extensions.

With the lifting of the HRA borrowing cap, the potential to access additional funding to accelerate these programmes and support the delivery of additional affordable homes is being explored. The receipts from sales will also be used to fund development schemes.

The Council's vision for regeneration includes new and improved housing, with our new and existing homes contributing to our carbon reduction plans, improved energy efficiency and reduction of costs for our residents.

We will now:

- Publish our Resident Engagement Strategy, promoting involvement and feedback to Adur District Council as landlord (Adur Homes)
- Develop an approach to ASB, as part of the wider Councils ASB Policy, to ensure that, as a landlord, we can identify and support those who are vulnerable as part of a joint prevention and enforcement approach
- Support the long term financial health of the business by:
 - Reducing the average costs of reactive maintenance
 - Maximising collection of rent and reducing arrears
 - Reducing the time taken to enable void properties to be re-let
 - Undertaking a review of service charges for both routine service delivery (e.g. cleaning, grounds maintenance etc) and sheltered housing support provision.
 - Reviewing charges for garages.
- Support the long term investment into our stock by delivering a fully revised and prioritised capital programme and a full asset management programme by Winter 2020

- Support the Councils stated ambition to be Carbon Neutral by 2030 by working closely with colleagues delivering the West Sussex ‘Smart Hubs’ programme of work to increase energy efficiency of our stock
- Ensuring the Health and Safety of our residents by sustaining 100% compliance on Fire Risk Assessments.

Co-creating communities and spaces that support our communities to Thrive

Communities thrive when they are connected, engaged and support one another. As Councils we can support this by designing the built environment of places so that it encourages these behaviours, whether that is by creating community spaces and places, using lighting to promote safety and green spaces to promote activity. However we also want to work in partnership with our communities to promote the collective use and ownership of open spaces.

We believe that engaging and involving communities in the design and use of place is key to promoting health, wellbeing and community cohesion. We will work with communities to design ideas for community assets and to influence the outcome of planning applications on what community benefits are desirable, rather than making assumptions that, for example, a new community centre is needed.

We will continue to work with trusted partners and others to provide support for communities to co-design and co-create the open spaces within their communities as has been part of the ‘Growing Communities’ project delivered by The Conservation Volunteers in both Adur and Worthing.

Open spaces are assets for our neighbourhoods. We will work together with stakeholders, friends-of groups, residents and wildlife groups to ensure that open spaces are engaging, safe, and biodiverse. Our commitments in this time of climate emergency means that our communities must be intertwined with nature. Green space is precious in our neighbourhoods and we endeavour to maximise its potential for every living thing that uses it. The productivity of our open spaces must be optimised whether that is in terms of play offer, food production, habitat or wellbeing.

We also want to ensure that those built facilities that are there for the benefit of our local communities, e.g community centres, are accessible and available as well as being well managed.

We will now:

- Take steps to identify areas with potential to become community spaces
- Enable participation by and engagement with our communities to promote involvement in the the physical development of our community spaces and how our places are used, including creating a new post of Homes and Communities Enabling Officer.
- Work with trusted partners to support our communities to engage in the development and use of open spaces (e.g the Conservation Volunteers) and built community facilities (e.g Southdown's Leisure as the provider of services at the West Durrington Community Centre).
- Take steps to identify areas with potential to become community spaces
- Enable participation by and engagement with our communities to promote involvement in the the physical development of our community spaces and how our places are used, including creating a new post of Homes and Communities Enabling Officer.
- Work with trusted partners to support our communities to engage in the development and use of open spaces (e.g the Conservation Volunteers) and built community facilities (e.g Southdown's Leisure as the provider of services at the West Durrington Community Centre).

Priority 3: Improving the levels of affordable housing supply

We recognise that access to affordable⁷ and suitable housing is very important in ensuring that a balanced population profile is maintained across Adur and Worthing. However, it is not just about affordability; we want to promote development which provides for community interaction and which is sustainable by design.

Our Development Strategy

In recognition of the increasing need for affordable homes and the issues faced in their delivery, the Councils are creating a Development Strategy which details how it intends to increase the number of affordable homes across Adur and Worthing through self-delivery and by working closely with developers.

The Development Strategy will outline 5 objectives:

- Deliver 1,000 affordable homes by 2025, of which 250 homes will be delivered directly by Adur and Worthing Councils
- Create sustainable homes for people to live and thrive in
- Utilise the Council's land and housing stock for self-delivery
- Purchase sites for development where appropriate
- Work with strategic partners to unlock and maximise affordable housing delivery across the Councils

The strategy provides an overview of how the Councils will look to meet demand through self delivery, partnership working and by enhancing their housing enabling offer to help progress the delivery of affordable housing.

The Council will review ways in which different tenures could be offered to help compliment affordable homes delivery and meet the needs of people throughout the housing market. These tenures could include discounted market sale, intermediate rent or Shared Ownership. As part of this review the Council will consider the need to set up a housing delivery company and/or joint ventures with development partners.

As part of our approach to development, we will focus on sustainable development approaches, in line with the Council's stated objectives to be carbon neutral by 2030. These principles will be built into our approaches to partnering and procuring services and will include recognition that the concept of sustainability extends to developing sustainable communities in line with the Thriving Communities agenda.

⁷ "Affordable Housing" is specifically defined in the National Planning Policy Framework 2019. See Appendix 1.

We will now:

- Publish our Development Strategy for Adur and Worthing and deliver the affordable new homes agenda which it sets out.

Local Plans and Development Management

We will ensure that policies in the respective Local Plans for Adur and Worthing seek to deliver the affordable housing that best meets the needs of our communities.

The adopted Adur Local Plan requires 30% affordable for all developments over 10 dwellings and emphasises the need for the majority (75%) of the affordable housing provided to be delivered as rented accommodation reflecting local need. The Local Plan review will commence in 2021 and will assess the latest housing need figures and guidance to ensure that relevant Local Plan policies reflect latest government guidance and the local housing needs.

The emerging Worthing Local Plan will include a range of affordable housing policies to deliver affordable housing of the most appropriate tenure and mix to meet local needs. These emerging policies highlight the need for affordable rent and we will explore the opportunity to deliver rent levels at less than 80% of market rent to meet the needs on the housing waiting list.

The Development Management team will continue to take a proactive approach towards supporting high density development where it can demonstrate high quality sustainable design and meet the required level of affordable housing. Where necessary the Council will work in partnership with developers to secure public funding to help deliver sites where viability is an issue.

Our Development Programme

Adur and Worthing have recently embarked on a development programme to help enable it meet the acute demand for affordable and temporary housing within Adur and Worthing.

Since starting the programme, two sites have been purchased and planning permission gained to deliver 42 homes for temporary accommodation. Three further sites have been granted to provide 49 homes within the HRA for general needs rent (affordable and social rent). A further 10 sites have been identified as part of the Small Sites programme with design having commenced in Feb 2020.

Of the above, 103 homes are due to be delivered by 2021/22.

Maximising the potential of the Council's own land will be a key theme for the coming years. The Council is currently reviewing its stock in line with its long term planned investment strategy, this will help guide where there is a need for development.

Demand for Emergency and Temporary accommodation remains high, particularly in Worthing. To address this the Councils has focussed on preventing homelessness and increasing access to the private sector; identified and sourced more cost effective, suitable leased accommodation as well as acquiring and developing our own accommodation for these purposes. Going forward, the Councils will need to continue to keep under review the number and nature of the types of accommodation available to them for these purposes as the nature of demand changes.

We will now:

- Review and update our Temporary Accommodation Strategy

Exploring and Developing Innovative Partnerships

The Government's 2017 White Paper "Fixing our Broken Housing Market" identified a series of interventions aimed at addressing issues in the UK's housing system. The white paper makes apparent was that the existing system of interests and actors needs to change, innovate and develop new approaches. As a central player in the housing system, Councils, as both developer, landowner and planning authority have a critical role in supporting, designing and delivering new and innovative approaches. The Councils are committed to working with developers, investors, and community groups to develop these new approaches within Adur & Worthing.

Similarly, there are acute pressures for certain specialist types of housing. The Councils are committed to working with partners to investigate opportunities to deliver housing solutions for vulnerable groups such as those who are homeless, prison leavers, those requiring supported living, those with physical disabilities and older residents, as well as other groups such as veterans and care leavers.

Local communities also have a role to play in achieving their aspirations of home ownership and increasing the supply of affordable homes locally. The Councils are currently funding the Sussex Community Housing Hub which supports groups locally to deliver community-led affordable housing.

We will now:

- Explore new and innovative partnerships and vehicles to create opportunity to increase the supply of affordable homes

Extending access to the Private Rented Sector

The increasing disparity between market rents and the local housing allowance (LHA) means private rented accommodation is often unaffordable for people in receipt of benefits, or people may face other barriers in the form of strict referencing criteria set by letting agents. This can preclude people in receipt of benefits unless they have a suitable guarantor that is either a homeowner or someone who earns 35 times the monthly rent as an annual salary. Most people approaching the Council with housing need are unable to meet these criteria.

In response to this, the councils have created 'Opening Doors' – an innovative new lettings scheme that provides an attractive service for landlords with a range of benefits, including rent collection with guaranteed rent for two years, all tenancy paperwork completed, a matching process between tenant and landlord and access to a landlord support team – all for free. In exchange landlords are providing properties at affordable rents, creating a new supply of suitable and affordable private rented accommodation.

Since the launch of the pilot in July 2018, the scheme has attracted 24 properties - from studio flats to five bedroom houses - and has played a crucial part in helping the Councils meet their statutory obligations under the Homelessness Reduction Act 2017. Providing suitable long term accommodation supports the Councils in reducing the financial burden of providing emergency accommodation. Another eight tenancies are expected to complete by the end of February 2020.

The scheme will be monitored on a monthly basis to ensure it continues to attract landlords by remaining a competitive product in the private lettings market while delivering ongoing savings and value for money to the council.

	Estimated lets per year	Cumulative
2018/19 (9 months)	13	13
2019/20	18	31
2020/21	22	53
2021/22	25	78

2022/23	28	106
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“Sally”, a single mother with three children, had lost the family’s home and possessions to a tragic fire in Worthing. Within four days of becoming homeless, the Opening Doors scheme enabled them to move to a new private sector rented property.

“Jenny”, a profoundly deaf single mother with three children was also enabled to successfully move into a three bedroom privately rented house after spending months living in cramped conditions with relatives.

We will now:

- Extend and build upon the Opening Doors social landlord scheme with the aim of achieving 106 cumulative lets by 2023.

Chapter 5: Delivering and Monitoring Our Strategy

We have made a number of commitments in this strategy which we will deliver to ensure we make progress with our priorities. We will develop an action plan which will set measurable targets and milestones so that we can monitor our progress regularly. We will report on outcomes to elected members twice a year. These reports will be publicly available on the Councils' website.

Related Documents and Data

There are a number of related documents that support the delivery of this housing strategy. These are:

- Platforms for Our Places - Going Further
- [‘Housing Matters’ - A&W Housing Strategy 2017-2020](#)
- [JOSC 19 Sep 19, Item 8: Delivering our Housing Strategy - Review of Progress 2019/20](#)
- [West Sussex Supported Housing Project report, Aug 19 \(WeareSnook\)](#)
- [Adur Local Plan](#)
- [Worthing Local Plan \(Draft\)](#)
- [HRA 30 year business plan](#)
- [Strategic Market Housing Assessment](#)
- [Adur and Worthing Sustainability Framework](#)
- [Adur and Worthing Carbon Reduction Plan](#)
- [United Nations - Sustainability 2030](#)
- [National Planning Policy Framework 2019](#)

Appendix 1: Definition of Affordable Housing

This is the definition of Affordable Housing from the National Planning policy Framework 2019:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable);

(b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and

(c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent). b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used. c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

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ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 6

Key Decision: No

Ward(s) Affected: All

3rd Revenue Budget Monitoring Report (Q3)

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

1.1 This report updates the Joint Strategic Committee with the latest expenditure and income projections for each Council in the current financial year 2019/20, compared to the Revenue Budget approved by both Councils in February. Whilst the 'spend to date' will be the position as at the 31st December 2019, the forecast position will reflect the latest information available to ensure an up-to-date forecast is presented.

The Councils have positioned themselves to manage risk and contribute to reserves for the future. After allowing for the initiatives undertaken to enable this and for the revision of project delivery into the future, the operational over/underspends are projected to be an underspend of £96,000 in Adur and an overspend of £94,000 in Worthing.

1.2 The following appendices have been attached to this report:

- (i) **Appendix 1**
 - (a) Adur Summary
 - (b) Adur Use of Earmarked Reserves
- (ii) **Appendix 2**
 - (a) Worthing Summary
 - (b) Worthing Use of Earmarked Reserves
- (iii) **Appendix 3** HRA Summary
- (iv) **Appendix 4**
 - (a) Table of Variations over £20,000
 - (b) Table of movements over £50,000 between quarter 2 and 3

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to note the report and projected outturn position for the Joint Committee, Adur District Council and Worthing Borough Council against the approved revenue budgets and proposed use of reserves (Appendix 1b and 2b).

3. Context

- 3.1 The Joint Strategic Committee considered the 5-year forecast for 2019/20 to 2023/24 on 4th December 2018.
- 3.2 The report outlined the financial context, and updated the outline 5 year forecast, the key budget pressures and the savings proposals for addressing the budget gap for Adur and Worthing Councils. The report built on the strategy first proposed in 2016/17 whose strategic aim was to ensure that the Councils would become community funded by 2020 reliant, by then, only on income from trading and commercial activities, council tax income and business rate income.
- 3.3 The successful delivery of the strategy is fundamentally changing how the Councils are funded. The Councils are moving increasingly away from ever reducing government funding towards funding from the local community via Council Tax and Business Rates, and will become increasingly reliant on income from commercial activities.
- 3.4 As part of the 2019/20 budget the Councils committed to savings of £0.767m for Adur District Council and £1.373m for Worthing Borough Council to produce a balanced budget and to address the reduction in Government support. Services were required to carry out efficiency, procurement and base budget reviews to identify where income could be increased or expenditure reduced. Current budget monitoring indicates that the majority of these savings are being delivered as expected.

4. Issues for consideration - Revenue 2019/2020 Forecast

4.1 The current year end forecasts indicate, that at this early stage, the operational position will be a net operational underspend by services in Adur of £96,000 and a £94,000 net overspend in Worthing. This includes meeting the challenges of significant savings requirements to balance the 2019/20 budget. The main factors influencing the level of spend are discussed in detail in section 4.9 of the report.

4.2 Following the LGA peer review which referenced the low level of the reserves, the Councils have positioned themselves to better manage risk and contribute to reserves for the future through three separate initiatives:

- The centralisation of inflation provisions which if not needed will contribute to the savings required in 2020/21. Currently, the Council expects £88k for the Joint service and £104k for Worthing to be unspent at the year end;
- The creation of contingency budgets for areas of uncertainty in the budget. For 2019/20, the Councils set aside £300k for the risks associated with the changes to the County's supported housing budget. This contingency remains largely unused and will be placed into reserves at the year end; and
- Accelerating savings initiatives where possible - including the investment by the Strategic Property Investment Fund and generating additional commercial income.

Consequently, members should expect the Councils to underspend this year as a result of these proactive measures as highlighted in the table at 4.3.

4.3 The current year-end forecasts are comprised of a number of elements as set out in the table below:

2019/20 Forecast Outturn	Adur	Worthing
	£000	£000
<u>Over/(under)spend in operational services – including share from Joint</u>	(96)	94
<u>Underspend against Supported Housing contingency budget</u>	(70)	(180)
<u>Reduced borrowing requirement:</u> A lower than forecast call on the MRP (provision to repay debt) and net interest in 2019/20, due to reprofiling of the capital programme already adjusted for in 2020/21 budget.	(45)	(340)
<u>Budgeted contributions to reserves:</u>		
Set aside for inflation	(35)	(157)
Allowance for Investment Property voids	(100)	(150)
Commercial Property Portfolio - from accelerated purchases	(715)	(690)
Less: one off acquisition costs	221	393
<u>Budget provision related to timing differences:</u> Project funding to Carry forward to 2020/21 for projects that have yet to commence or will complete next year (Business Development Fund)	(47)	(76)
Net over/(under) spend before contributions to/from Reserves	(887)	(1,106)
Projected underspend % against current budget	(10.4%)	(7.2%)

4.4 The key factors underpinning the current financial position include:

- An underspend in the Minimum Revenue Provision (MRP) and net interest budgets for Worthing Borough Council. The budgets are calculated on both the historic financing of previous years capital programmes and the impact of financing the current years capital spend. Changes to the expected spend, interest rate forecasts, and the associated level of borrowing have reduced the expected cost in 2020/21.

- Increased income from the Strategic Property Investment Fund. The fund has been successful in identifying suitable properties to acquire, and the associated income is benefiting the budget in 2019/20.

Once the above items are considered, including the contribution from reserves, the operational position is a net underspend by services of £96,000 in Adur and a net overspend in Worthing of £94,000. The factors influencing the operational position have been addressed as part of the 2019/20 revenue budget.

4.5 In summary the overall revenue outturn projections reported for Q3 are as follows:

Summary of 3rd Quarter Budget Monitoring Report			
	Joint	Adur	Worthing
	£000s	£000s	£000s
Current Budget 2019/20	23,131	8,527	15,370
Projected outturn	23,376	7,641	14,264
Projected Forecast over/ (underspend)	245	(887)	(1,106)

Comparison to the Q2 forecast:

	Joint	Adur	Worthing
	£'000	£'000	£'000
Forecast Over / (Under) spend Q3	245	(887)	(1,106)
Forecast Over / (Under) spend Q2	170	(889)	(1,567)
Change from Q2 to Q3: (Improvement) / Deterioration	75	3	461

4.6 In the table below, projections have been separated between authority and by Income and Expenditure, to indicate the level of overall under/overspend of costs and the over/under achievement of income targets.

	Expenditure	Income	Net Total
Joint	£'000	£'000	£'000
Budget	29,343	(6,212)	23,131
Forecast	29,435	(6,059)	23,376
Projected Forecast (Under)/ Overspend	92	153	245
Forecast variance percentage	0.31%	2.47%	1.06%
Adur	£'000	£'000	£'000
Budget	34,595	(26,067)	8,527
Forecast	34,553	(27,010)	7,543
Authority Projected Forecast (Under)/ Overspend	(42)	(943)	(985)
Share of Joint (Under) / Overspend	37	61	98
Authority Projected Forecast (Under) / Overspend	(5)	(882)	(887)
Forecast variance percentage	-0.01%	-3.38%	-10.40%
Worthing	£'000	£'000	£'000
Budget	67,446	(52,077)	15,370
Forecast	67,357	(53,241)	14,117
Authority Projected Forecast (Under)/Overspend	(89)	(1,164)	(1,253)
Share of Joint (Under) / Overspend	55	92	147
Authority Projected Forecast (Under)/ Overspend	(34)	(1,072)	(1,106)
Forecast variance percentage	-0.05%	-2.06%	-7.19%

4.7 The Joint Strategic Committee (JSC) is asked to consider:-

- the current projections of variances in the two Councils' General Fund Revenue Budgets;
- the current projections of variances in the Adur Housing Revenue Account; and
- any amendments and virements to budgets for each Council which may require a recommendation on to Council for approval;

4.8 Most of these services are subject to closer monitoring because they meet one or more of the following criteria:-

- Demand led
- Income based
- Specialist
- Significant changes to the service are being made in the near future.

4.9 We adopt a more structured approach to services which have more volatile budgets or hard to predict income streams. For 2019/20, these services are:-

- Crematorium
- Development Management
- Homelessness
- Theatres
- Commercial Waste
- Car Parking
- Cross cutting services including maintenance and utilities

4.10 Headline budget variations across both the Councils' and the Joint account

4.10.1 Car Parks

Worthing car parks budgets are projected to be £54,000 below target for the full year. The temporary surface car park at Teville Gate was expected to be operational from April 2019 but did not open until the last week in July; and the usage has been below that estimated. The all day tariff at this site has been reduced from February to encourage commuter parking and additional advertising is now in place which will draw more customers to the car park.

The shortfall includes a payment of £12,000 from NSL relating to historic overcharging of their staff deployment.

Adur income is currently expected to over achieve its net budget by £87,000. Of this amount, £33,000 consists of a payment from NSL to address historic overcharging of their staff deployment.

4.10.2 Housing

The demand for emergency and temporary accommodation continues to be a cost pressure due to the rising demand across the South East, including Adur and Worthing, and the lack of housing supply for those needing affordable accommodation, whether this is to prevent homelessness or to move people on from emergency accommodation. Currently the caseload numbers for Adur and Worthing are 44 and 122 respectively.

Across the South East there is competing demand between local authorities for both emergency and temporary accommodation, the latter often being leased private sector accommodation.

Whilst Adur and Worthing have made significant progress in leasing more affordable units of temporary accommodation, competition does mean that prices in some areas (e.g. Worthing) are being pushed beyond the reach of the Councils, and the supply of suitable emergency and temporary accommodation within the Borough is reduced.

Despite the increasing demand for temporary accommodation the efforts that have been taken by the Councils to decrease unit costs increase supply as well as an effective homeless prevention work has reduced the overall spend and at the end of Quarter 3, there is a projected underspend of £151,000 in Adur and £73,000 in Worthing. This estimate assumes the current caseload numbers in temporary accommodation increase by an average per month of 1 in Adur and 2 in Worthing for the remainder of the year and an average room rate per night of £37. Also built into the projections are the 40+ units of leased, affordable temporary accommodation, as is phase 1 of the Worthing Borough Council owned accommodation at Downview (9 units) which are due to come on stream in the coming months. These projections are based on current trends in homelessness demand. Homelessness presentations can be volatile and impacted by factors sometimes beyond the Councils' control.

Additionally, there is a predicted underspend against the Homelessness Initiatives budget in Worthing of £80,000.

Housing Management - Full Year forecast						
	2018/19			2019/20 - Full Year Projection		
	Budget for Year	Actual for Year	Variance for Year Over / (Under)	Budget for Year	Forecast for Year	Projected Variance for year Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
	ADUR					
ETA Expenditure	635	769	134	907	655	(252)
ETA rental income	(411)	(325)	86	(379)	(279)	99
Grant funding	-	(206)	(206)	(140)	(139)	1
	223	238	15	388	237	(151)
WORTHING						
ETA Expenditure	1,267	1,724	457	1,814	1,859	44
ETA rental income	(589)	(685)	(96)	(689)	(805)	(115)
Grant funding	-	(233)	(233)	(150)	(152)	(2)
	678	807	129	976	902	(73)
	901	1,044	143	1,364	1,140	(224)

Housing Management - Comparative Financial position at December						
	2018/19 Year to Date			2019/20 Year to Date		
	Budget to P9	Actual to P9	Variance to P9 Over / (Under)	Budget to P9	Actual to P9	Variance to P9 Over / (Under)
	£'000	£'000	£'000	£'000	£'000	£'000
	ADUR					
ETA Expenditure	477	578	101	680	503	(177)
ETA rental income	(309)	(243)	66	(284)	(214)	70
Grant Funding	-	(206)	(206)	(140)	(139)	1
	168	129	(39)	256	150	(106)
WORTHING						
ETA Expenditure	950	1,225	275	1,360	1,444	84
ETA rental income	(441)	(506)	(65)	(516)	(631)	(114)
Grant Funding	-	(138)	(138)	(150)	(152)	(2)
	508	580	72	694	662	(32)
	676	710	33	950	811	(138)

4.10.3 Underspend against Supported Housing contingency budget

It should also be noted that the 2019/20 budget included a £300,000 allowance for supported housing cost pressures expected as a result of reduced housing budgets from West Sussex County Council.

A cross county task and finish group has been established to address the challenges presented by the County Council's decision to cut these budgets and has been successful in; reaching consensus as to how best to use funds available; agreeing shared solutions to some specific issues and support the recommissioning of the supported housing programme, using better insight and intelligence as to the current and future needs of our most vulnerable residents. As a consequence, the full budget is unlikely to be required this year. Currently, it is anticipated that there will be an underspend of £250,000 against this contingency.

4.10.4 Environment - Waste and Recycling

With the rollout of alternate weekly collection, there has been increased demand for replacement bins, the associated purchase costs in year is estimated to be £20,000, which is not budgeted for. There has been additional uptake for green bins, noticeably since the campaign drive that has taken place since November, however this has been offset in part by a reduction in demand for green sacks. Overall the net income is projected to be above budget by £17,000, this includes a quality payment of £32,000.

Prior to alternate weekly collection going live, there has been a reduction in the amount of recycling credit income per tonne from WSCC which is currently forecast to be an estimated £170,000 lower than budget for the year. This is due to two factors:

- An uncommunicated WSCC deduction for contamination (£80,000), however teams are focusing on education and resident engagement in those areas where contamination levels are known to be high. This deduction is being queried with the County.
- The 2019/20 budget assumed that recycling tonnages would increase with the move to AWC, however whilst the amount of residual waste has decreased due to waste minimisation, there has not been any significant increase in the recycling tonnages.

Current activity within the trade waste service indicates that Adur is projected to have a net shortfall of £21,000, whereas Worthing is predicted to have a net surplus of £12,000 for the year. Within this estimate tipping charges are expected to be on budget. New business is unpredictable, and in-year account prospects are not accounted for here, it is therefore possible that the position may improve by the end of March.

Fleet vehicle maintenance and repair costs are currently above budget with a projected overspend of £70,000 estimated for 2019/20.

4.10.5 Environment - Bereavement Services

Net income for the Cemeteries is projected to exceed the budget in Adur by a marginal £6,000 but fall short in Worthing £24,000. This projection is based on the number of burials in-year, compared to the same period in 2018/19.

Crematorium income is forecast to be broadly on budget with a modest surplus of £14,000 predicted for the year.

Memorial income is projected to be below budget by £66,000 based on current projections, this year to date the income is running at 40% below budget. Currently, the space available for private gardens at the crematorium has been exhausted. A development masterplan for the site, currently in its early stages, aims to mitigate this by incorporating more memorialisation opportunities.

There are some cost savings of £8,000 which partially offset this shortfall in the service.

4.10.6 Leisure

Worthing has received a £50,000 gain share payment from South Down Leisure related to the 2018/19 financial year. The contract with the trust which operates the Worthing leisure centres sets out the arrangement that the trust holds a risk reserve and an improvement reserve. If in a financial year the risk reserve holds a balance of £560k and there is profit over and above a £100k contribution to the improvement reserve, the Council will receive a gain share of 50% of that additional surplus.

4.10.7 Culture

Worthing theatres and museum were run as an in house operation until 31st October, on 1st November 2019 this service transferred to the Worthing Theatres and Museum Trust. As part of this transition, the Council has reviewed both income and expenditure to ensure that it is correctly attributed between the Council and the Trust.

Final analysis is nearing completion and the position shows that there is an overspend of an estimated £55,000, which represents 2.4% of the net budget. This was largely due to a lower than anticipated performance of both catering and live events from what was projected in the first half of the year.

4.10.8 Planning & Development

Economic Development - Planning application fee income is forecast to be in excess of budget in Adur £83,000 and Worthing £100,000, this assumes the anticipated major applications in both Councils are received during the year.

Land charges - it is forecast that both Adur and Worthing will overspend the net budget by £30,000 and £16,000 respectively. Fees have not gone up for a while as the Service is in competition with Personal Search Companies and Adur and Worthing charge more for Full Searches than some adjoining Councils.

4.10.9 Place and Economy

During the summer the Worthing Observation Wheel was a prominent fixture on Worthing seafront and brought £70,000 additional income to the Council (offset by £10,000 set up costs). The attraction, which is set to return in 2020, drew more visitors to the town which had a wider positive impact on the local businesses.

Income from Markets and bus shelter advertising are currently projecting to exceed budget in Adur, however following public consultation a new event-based approach has been adopted for Lancing Village Market (starting in 2020) due to limited interest in the monthly offering. As a result of this additional income combined with predicted expenditure savings the overall forecast for the service area in Adur is a £39,000 improvement against the budget.

Income generated through activities such as seafront concessions and open space hire sees Worthing predicting to exceed budget by £53,000. The service has agreed to reinvest the income into projects that support the improvement and regeneration of the seafront. The estimated net position at the end of 2019/20 is expected to be an underspend of £42,000.

4.10.10 Major Projects and Investment

The Major Projects team has been actively working on a number of development sites and investments across the areas. The expenditure is currently projected to be on budget.

The investment in Commercial properties is expected to exceed the budget for both Authorities by an estimated £815,000 in Adur and £940,000 in Worthing (£840,000 new investments and £100,000 existing), although

there are one off acquisition costs of £221,000 and £393,000 for new investments that will offset this income in the respective authorities.

In addition, there is a budget for a contribution to reserves to fund future void rental periods and property improvements. There is no call on this reserve expected in the current year so the entire provision will transfer to reserves at the year end (Adur £100,000 and Worthing £150,000). Some known risks relating to the property investment fund around managing lease events and tenant issues have begun to crystallise. For instance, some retail property in Montague Street, Worthing owned by the Worthing Borough Fund have tenants who have gone into administration or are undergoing the company voluntary agreement (CVA) process. While these premises were acquired with a view to supporting regeneration of the Grafton Car Park site, and the income streams was expected to be lost in the medium term as part of development, there will be a reduction in income over the short term. The potential loss of income has been included both within the forecast outturn for 2019/20 and the budget for the new year.

While these risks can be managed effectively, it underlines that the properties require active management, and that the reserve fund will be called on appropriately.

4.10.11 External Borrowing Costs, Investments and Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge to the revenue budget to provide for the repayment of debt. The calculation is based on the level of historic capital spend that has been financed from borrowing. Consequently, once the accounts have been closed and the calculation has been updated for the capital spend in 2018/19, there is certainty about the charge for the forthcoming year.

The underspends related to MRP and net interest costs are Adur £45,000 and Worthing £340,000. The MRP underspends are due to the reprofiling in 2019/20 of a proportion of the 2018/19 Capital Programmes and the impact of changes to planned financing due to increased levels of capital receipts and capital grants both of which offset the need to borrow. Lower interest rates than expected have also contributed to the overall underspend by reducing the net cost of borrowing.

4.10.12 Revenues and Benefits

Currently, the recovery of Court costs and overpayments are both predicted to be below the allowance made in the budget for both Councils, but due to the unpredictable nature of this element of the service it is difficult to

forecast if this will be a continuing trend. Housing Benefit overpayment recovery has generally seen a reduction due to the transfer of claims onto Universal Credit that has resulted in delays in securing recovery where overpayments can be recovered through ongoing payments. At present the year end forecasts indicate that the Revenues and Benefits service will be within budget overall.

4.10.13 Business Rates

Additional net income is anticipated in relation to Business Rates S31 grants by Adur £9,800 and Worthing £177,000. However, the councils were using the Business Rate Smoothing Reserves to offset losses incurred in previous years due to timing differences. The planned use of reserves will be reduced by any in-year additional income. So there will be no overall under spend this year.

Business Rate income is volatile and can be affected by many factors: government decisions, changing use of commercial properties (e.g. demolition and conversion to domestic properties), revaluations or appeals. It will therefore be recommended to members that where there is available capacity at outturn, they agree to put any additional business rates income into reserves. The reserves can then be used, when required, to smooth the effect of the business rates volatility in future years.

4.11 Budget variations greater than £20,000

4.11.1 The Councils individual Summary Projected Outturns are reported in Appendix 1a for Adur District Council and Appendix 2a for Worthing Borough Council. The variations greater than £20,000, for this report, are detailed in Appendix 4.

4.11.2 There are some expenditure items that are not identified until the year end that will impact on the final outturn. These items can have a positive or negative impact on the final position.

They include:-

- Movement in the estimate for doubtful debts
- A review of any amounts needed to be set aside for liabilities that are likely to occur in the future
- Changes in allocations of staff time to outside the General Fund

4.12 Cross Cutting Budgets

4.12.1 The following categories of expenditure are analysed across various services. It is anticipated that this will be on target:

- Equipment, furniture and materials
- Postage
- Printing stationery and office supplies
- Consultancy costs
- Travel costs

4.12.2 Energy costs are forecast to be overspent in Adur £4,000 and Worthing £18,000 based on current activity. Joint is predicted to be within budget. Energy prices have increased and this is reflected in the new contracts that commenced in October 2019. The decision to opt for renewable energy sources for electricity is a factor in the increased prices although the consumption prices are now set for two years, the gas contract is for one year to see how the renewable market develops.

4.12.3 Water - this is forecast to overspend against budget by an estimated £15,000 in Joint, £20,000 Adur and £37,000 Worthing based on current activity. A significant piece of work is ongoing with the water contract supplier to identify variances in usage and charges.

In Adur there was a water leak reported in Buckingham Park, this has now been repaired but the Council is not eligible for a rebate due to the time that has elapsed since the leak began.

The delay in the identification was due to the fact that the leak was deep underground and not surface visible, coupled with the fact that the contractor charges in advance on estimated values that are based on historic consumption. The leak was identified at a later date when a physical meter reading was taken by Council staff that indicated higher than expected usage. The Council are now taking regular monthly readings to monitor any unusual usage, the market rules also state that the supplier should take actual meter readings every six month which the Council are following up. These costs will continue to be monitored.

In Worthing the costs include the water supply to the Splash Pad and Rockswater fountain at Marine Parade for which there is no budget.

In addition, a project is underway internally to ensure all tenants are correctly being charged for energy and water usage in agreement with the terms of their leases.

- 4.12.4 Maintenance expenditure is predicted to be above budget for the year, Adur is estimated to be £80,000 and Worthing £340,000.

In Worthing there has been a significant amount of reactive work that has been required at the Council's leisure facilities (£205,000), particularly Splashpoint, and the theatres (£40,000). At Splashpoint expenditure (£36,000) has been incurred to replace glazing damaged by vandalism, Additionally works have been undertaken on cabling under the moving floor of the pool £11,000 and a number of repairs relating to lighting, building management system which includes heating & ventilation and repairs to the pool filtration equipment (£47,000). All of these repairs fall under the Councils responsibility under the Service Level Agreement in place with South Downs Leisure. The specialist nature of the equipment does make it more expensive to maintain and repair and some works are necessary to be completed out of hours to avoid disruption to Splashpoint customers.

In other centres reactive repair works have been necessary on roofs and chimneys including the replacement of skylights (£9,000) and external works (£12,000). Health and Safety works were agreed to be carried out in all the theatre buildings ahead in preparation of the transfer to the trust. Additional maintenance supplement of £25,000 is estimated for the cremators as they exceed 3,000 cremations. The service budget has also contributed £23,000 to improvement works on Worthing seafront which further supports the experience in the town centre.

In both Adur and Worthing additional works have been necessary on the public conveniences (£20,000 and £42,000 respectively). These costs relate to essential items including repairs to drains, floors, roofs and some internal redecorations to High Street MSCP facilities. In Adur, unplanned costs (£6k) were incurred on the demolition of Monks Recreation ground public convenience after severe vandalism and urgent renewal of standpipes located at all allotment sites in Adur. (£5k) .

The increased pressure on maintenance costs has been recognised and additional allowance has been built into the 2020/21 budgets for Adur and Worthing. This will be reviewed again as part of the 2021/22 budget.

- 4.12.5 Business Rates - Adur and Joint Services are broadly on budget. Worthing is forecast to exceed by an estimated £20,000. The main premises where costs exceed budget are the Town Hall and bus shelters..
- 4.12.6 Corporate Inflation savings are projected of £104,000 in Worthing and £88,000 within Joint services. These savings will be transferred to reserves to increase these balances.

4.13 Future Risks

There is a low risk that the salary vacancy allowance of £758,000 will not be met, however the projected position at quarter 3 is that the Councils salary costs overall will be within the budget for the year.

4.14 Housing Revenue Account

4.14.1 The Adur Housing Revenue Account is a ring fenced account. The HRA forecast is shown in Appendix 3.

4.14.2 The HRA is forecast to under spend by £420,000 for 2019/20. This financial year contains 53 rent weeks which accounts for £200,000 of additional income. In addition, there have been several staff vacancies this year which have contributed to an underspend in general management costs.

4.14.3 The approved budget includes the use of HRA reserves of £724,950 which is required to meet the cost pressures from rent limitation and maintenance and repair work required to the housing stock resulting from the condition survey. As a result of this underspend, the amount taken from reserves this year will reduce to £304,950.

5. Engagement and Communication

5.1 The Corporate Leadership Team and budget managers have all collaborated in the content of this report providing explanation and narrative on the forecast variances.

6. Financial Implications

6.1 At the end of the second quarter of the revenue budgetary cycle, it is anticipated that Adur District Council will have an operational underspend of £96,000 and Worthing Borough Council a net overspend of £94,000. The overall under/over spends in Adur and Worthing include the respective shares of the Joint Committee overspend of £245,000.

7. Legal Implications

7.1 Section 151 of the Local Government Act, 1972 requires the Councils to make arrangements for the proper administration of their financial affairs. Further, Local authorities have a statutory duty under the Local

Government Act 2003, to monitor their income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge.

Background Papers

Revenue Budget 2019/20 Joint, Adur and Worthing – 2019/20 Budget Book
<https://www.adur-worthing.gov.uk/media/media.148471.en.pdf>

Joint Overall Budget Estimates 2019/20
<https://www.adur-worthing.gov.uk/media/media.152367.en.pdf>

Adur District Council Budget Estimates 2019/20 and Setting of the 2019/20 Council Tax
<https://www.adur-worthing.gov.uk/media/media.152404.en.pdf>

Worthing Overall Budget Estimates 2019/20 and Setting of 2019/20 Council Tax
<https://www.adur-worthing.gov.uk/media/media.152393.en.pdf>

Financial Performance 2018/19 - Revenue Outturn
<https://www.adur-worthing.gov.uk/media/media.154334.en.pdf>

Officer Contact Details:-

Emma Thomas

Chief Accountant

01403 221232

emma.thomas@adur-worthing.gov.uk

Sustainability & Risk Assessment

- 1. Economic**
Matter considered and no issues identified

- 2. Social**
 - 2.1 Social Value**
Matter considered and no issues identified

 - 2.2 Equality Issues**
Matter considered and no issues identified

 - 2.3 Community Safety Issues (Section 17)**
Matter considered and no issues identified

 - 2.4 Human Rights Issues**
Matter considered and no issues identified


- 3. Environmental**
Matter considered and no issues identified

- 4. Governance**
Matter considered and no issues identified

SUMMARY - 3rd QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 1a


Actual Previous year 2018/19	ADUR CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
2,591,947	CM for Environment	2,272,600	2,309,370	2,358,346	48,976
1,234,340	CM for Health & Wellbeing	1,269,140	1,281,140	1,268,990	(12,150)
1,317,721	CM for Customer Services	1,507,950	1,464,950	1,267,990	(196,960)
574,158	Leader	624,800	627,800	595,750	(32,050)
1,521,078	CM for Regeneration	1,765,060	1,831,010	1,786,400	(44,610)
1,661,187	CM for Resources	1,111,680	956,900	356,830	(600,070)
-	Holding Accounts	249,790	249,790	249,790	
8,900,430	Total Cabinet Member	8,801,020	8,720,960	7,884,096	(836,864)
(1,320,741)	Credit Back Depreciation	(1,385,100)	(1,385,100)	(1,385,100)	-
1,015,897	Minimum Revenue Provision	1,242,940	1,242,940	1,192,940	(50,000)
272	Non ring fenced grants	-	-	-	-
1,087	Financial Instruments Adjustment Account				-
8,596,946		8,658,860	8,578,800	7,691,936	(886,864)
	Transfer to/from reserves				
-	Contribution to/(from reserves)		-	-	-
-	Budgeted contribution to/(from) Reserves		-	-	-
(481,767)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	80,060	80,060	-
603	General Fund Working balance	-	-	-	-
511,979	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-		886,864	886,864
8,627,760	Total Budget requirement before External Support from Government	8,658,860	8,658,860	8,658,860	-

 ADC ADUR DISTRICT COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
Capacity Issues Reserve including approved Carry Forward budgets Funding for waste savings proposals (4 Dec 2018 JSC/066/18-19) Friends of Shoreham Fort (JSC 6 May 2014) Adur carry forwards from 2018/19 underspends , agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Balance	£ 425,749	£ (43,200) (10,000) (151,720)	£ -	£ 220,829
Insurance Fund	152,893	(36,750)	30,700	146,843
Business Rates Smoothing Reserve	402,161	(321,000)		81,161
Grants and Contributions held in Reserves	562,570			562,570
Election Reserve	7,880	(7,880)		-
Special and Other Emergency Reserve	60,254			60,254
Property Investment Risk Reserve	-		100,000	100,000
Projected Underspend/(Overspend) (Reserve to be identified at outturn)			786,864	786,864
General Fund Reserve	518,773	-	-	518,773
TOTALS	2,130,280	(570,550)	917,564	2,477,294

SUMMARY - 3rd QUARTER PROJECTED OUTTURN 2019/20

APPENDIX 2a

Actual Previous year 2018/19	WORTHING CABINET MEMBER PORTFOLIOS	Original Estimate 2019/20	Current Estimate 2019/20	Projected Outturn to 31st March 2020	Forecast Over/ (Under)
850,001	CM for Digital & Environment	2,991,380	3,137,250	3,310,390	173,140
3,594,064	CM for Health & Wellbeing	1,729,230	1,746,290	1,768,390	22,100
1,816,036	CM for Customer Services	5,172,460	5,231,960	4,956,600	(275,360)
4,954,410	Leader	802,300	802,300	785,830	(16,470)
2,217,162	CM for Regeneration	1,907,660	2,115,350	2,091,070	(24,280)
1,750,527	CM for Resources	2,232,150	1,905,490	1,201,025	(704,465)
-	Holding Accounts	513,700	513,700	513,700	-
15,182,200	Total Cabinet Member	15,348,880	15,452,340	14,627,005	(825,335)
(3,262,239)	Credit Back Depreciation	(3,224,030)	(3,224,030)	(3,224,030)	-
1,110,658	Minimum Revenue Provision	1,492,910	1,492,910	1,212,645	(280,265)
69,736	Non ring fenced grants	-	-	-	-
13,100,355		13,617,760	13,721,220	12,615,620	(1,105,600)
	Transfer to/from reserves				
	Contribution to/(from reserves)	86,250	86,250	86,250	-
	Budgeted contribution to/(from) Reserves	-	-	-	-
(731,199)	Transfer from reserves to fund specific expenditure (inc carry forwards)	-	(103,460)	(103,460)	-
1,147,435	Net Underspend/(Overspend) Recommended For Transfer To/(From) Reserves	-	-	1,105,600	1,105,600
13,516,590	Total Budget requirement before External Support from Government	13,704,010	13,704,010	13,704,010	-

 WORTHING BOROUGH COUNCIL EARMARKED REVENUE RESERVE ACCOUNTS	Opening Balance 2019/20	Estimated Transfers Out 2019/20	Estimated Transfers In 2019/20	Projected Closing Balance 2019/20
	£	£	£	£
Capacity Issues Reserve including approved Carry Forward budgets Marketing/legal costs re disposal of High St & Civic Centre car park sites (28/02/12 JSC/094/11-12) up to £50k each Funding for Decoy Farm survey (22/7/14 JSC/031/14-15) Preliminary costs of Theatre Trust bid (10 July 2018 JSC/026/18-19) Funding for savings proposals (4 Dec 2018 JSC/066/18-19) Development of Natural Burial Area (5 March 2019 JSC/105/18-19) Worthing carry forwards from 2018/19 underspends, agreed Joint Strategic Committee 9th July, 2019 Budgeted contribution (to)/from revenue Balance	1,643,480	(40,560) (108,404) (16,488) (76,800) (100,000) (425,900)	-	875,328
Insurance Reserve	273,678	(36,750)	30,700	267,628
Joint Health Promotion Reserve	3,353	(2,000)		1,353
Leisure Lottery & Other Partnerships - 01/02/18 JSC/092/17-18 for Museum Costume Research Centre	37,205	(9,439)		27,766
Museum reserve - 12/09/17 JSC/037/17-18 release of funds to support grant bid	97,702			97,702
Theatres Capital Maintenance Reserve	170,486	(92,000)	45,000	123,486
Special and Other Emergency Reserve	3,053			3,053
Business Rates Smoothing Reserve	905,174	(250,000)		655,174
Property Investment Risk Reserve	50,000		150,000	200,000
Grants & Contributions	741,784			741,784
Capital Expenditure Reserve	29,658	(29,658)		0
Projected Underspend/ (Overspend) (Reserve to be identified at outturn).			955,600	955,600
General Fund Working Balance	868,625			868,625
TOTAL	4,824,198	(1,187,999)	1,181,300	4,817,499

HOUSING REVENUE ACCOUNT QUARTER 3 BUDGET MONITORING
APPENDIX 3

	ORIGINAL BUDGET 2019/20	YTD ACTUAL 2019/20	PROJECTED OUTTURN 2019/20	PROJECTED OVER/ (UNDERSPEND) 2019/20
	£	£	£	£
EXPENDITURE				
General Management	4,217,600	1,397,910	4,119,244	(98,356)
Special Services	258,040	339,735	605,388	347,348
Rent, Rates, Taxes & Other Charges	31,690	37,389	47,966	16,276
Repairs & Maintenance	2,999,030	2,259,591	2,603,370	(395,660)
Bad/Doubtful Debt	50,000	-	50,000	-
Capital Financing Costs				
Depreciation and Revenue Contribution to Capital	4,021,300	-	4,021,300	-
Interest charges	2,289,860	1,119,205	2,253,171	(36,689)
TOTAL EXPENDITURE	13,867,520	5,153,831	13,700,439	(167,081)
INCOME				
Dwelling Rents	(11,826,460)	(8,837,831)	(11,998,690)	(172,230)
Non-Dwelling Rents	(581,430)	(445,436)	(577,819)	3,611
Heating and Other Service Charges	(482,330)	(392,645)	(499,331)	(17,001)
Leaseholder's Service Charges	(224,350)	(277,660)	(269,002)	(44,652)
Interest Received	(28,000)	-	(51,000)	(23,000)
TOTAL INCOME	(13,142,570)	(9,953,572)	(13,395,842)	(253,272)
NET (SURPLUS)/DEFICIT - TFR (TO)/FROM HRA	724,950	(4,799,741)	304,597	(420,353)

Quarter 3

The variations greater than £20,000, for this report, are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING:				
Parking	-	(87)	54	ADUR: Over-achievement of income against budget WORTHING: Underachievement of income mainly due to Teville Gate surface carpark, a delay in opening and a lower uptake than expected.
Theatres			55	Under performance in catering and live events.
Environment - Commercial Waste Services		21	(12)	ADC: Projected shortfall in income. WORTHING: Income in excess of budget.
Total Net Trading	-	(66)	97	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
INCOME:				
Place and Economy			(70)	Worthing Observation Wheel - £70k income. There are some set up costs of approximately £10k that are related to this attraction which are within the Economic Development costs forecast.
Development Management - Fee Income	-	(83)	(100)	ADUR: £83k large scale application for Kingston Wharf, Shoreham WORTHING: The projected income assumes that Planning fees will be received relating to two large projects: the West Sompting development and Teville Gate
Economic Development	-	(6)	(53)	ADUR & WORTHING: Additional income from markets and bus shelter advertising anticipated.
Investment and commercial properties		(815)	(940)	Income from commercial investments is projected to exceed the approved budget for both councils. In addition the budget set up for voids has not been fully required, so this will be transferred to Reserves at Outturn to fund future possible voids in excess of the budget; £100k Adur and £150k Worthing.
Building Control		-		WORTHING :Underachievement of Building Control income due to a continued decline in income through competition from Authorised Inspectors.
Land Charges	-	30	16	Fees for Land Charges have not been increased for a number of years and are not covering the service costs. This means the budget is currently showing a shortfall of £30k in Adur & £16k in Worthing
Leisure Client			(50)	Gain share received from South Down Leisure Trust
Environment - Bereavement Services	-	(6)	76	WORTHING : Crematorium income is on target to meet the budget but there is a shortfall of cemetery income projected based on current numbers and prior years profiles. Additionally there is a shortfall in memorial income.
Environment - Waste Services	153			JOINT: Shortfall in contribution from WSCC £170k. Increase in garden waste income £17k (including £32k quality payment).
Environmental Health	-		(85)	ADUR & WORTHING: Houses in Multiple Occupation (HMO) income - increase expected due to change in regulations which make more properties eligible for licensing.
Total Income	153	(880)	(1,206)	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
COSTS:				
Environment - Bereavement Services			(8)	ADUR: on budget. WORTHING: Underspend on expenditure which offsets shortfall of income
Environment - Waste Services	90			JOINT: Additional costs relating to provision of bins related to AW rollout £20k and a projected overspend on vehicle costs forecast £70k. ADUR: The monthly average in cases for Adur has dropped from 50 cases at the end of January 2019 to 44 cases at the end of January 2020 and projecting an underspend of (£151k). In addition the provision of support housing is predicted to cost less than initially budgeted (£70k). WORTHING: Increased use of temporary accommodation to meet increased demand.
Housing		(221)	(333)	Currently 122 cases at the end of January 2020 (98 cases at the end of January 2019) with a forecast underspend of £73k. Projected underspend against the provision of support housing initially budgeted (£180k). Additional supply of properties are assumed to be available by quarter 4 (Downsview). The Homelessness Initiatives budget is forecast to be £80k underspent for 2019/20.
Economic Development		(33)	11	ADC: Underspend on equipment and services budgets.
Finance: Treasury	-	(45)	(340)	MRP underspends due to reprofiling of capital programme and lower net interest costs due to lower interest rates than budgeted.
Business Development Fund		(47)	(76)	Under spend projected for Business Development Fund to be requested to be carried forward to fund future years spend.
Investment and commercial properties		221	393	Acquisition costs of commercial investments offset by departmental underspends
CROSS CUTTING:				
Energy Costs	-	4	18	Increase in costs - new energy contracts which for electricity commit to renewable source supply. This includes some costs associated with 2017/18 that were not accrued for at the end of last year (£30,000 for both Adur and Worthing). In addition Adur has incurred costs as a result of a water leak at Monks Recreation Ground and Worthing has unbudgeted expenditure related to the Splash pads.
Water	15	20	37	
Rates		-	20	

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
Maintenance		80	340	Maintenance costs are in excess of budget in both Adur and Worthing. This relates to work required on public conveniences in both council. In Worthing it includes necessary work on the leisure centres (particularly Splashpoint) and theatre buildings.
Corporate Budgets	(88)	-	(104)	The inflation for Supplies and services was centralised to allow for a budgeted contribution to Reserves net of any departmental cost pressures.
Other minor variances	75	(17)	(102)	Various minor over and underspends.
Allocation of Joint Variance		98	147	Share of joint services allocated 40:60 to Adur and Worthing Councils.
Total costs	92	59	3	
Total Variance	245	(887)	(1,106)	

Quarter 3 2019/20

Movement between quarters greater than £50,000 are detailed below

Service Area	Joint £000s (under)/ over- spend	Adur £000s (under)/ over- spend	Worthing £000s (under)/ over- spend	Significant Variations
NET TRADING				
Theatres			55	Under performance of catering and live event income for 7 months before transfer to the trust.
Environment - Commercial Waste Services			(52)	Reduction in projected tipping charges and increase in forecast income.
INCOME:				
Development Management		(83)	(100)	Large scale applications received for the year in both Adur and Worthing.
Investment Properties		(256)	(349)	Income from new investment portfolio - movement of projected outturn as a result of new acquisitions.
Leisure Client			(50)	Gain share payment from South Down Leisure relating to 2018/19 performance surplus.
Environmental Services - Bereavement			54	Reduction in forecast income for burials and memorials.
COSTS:				
Environmental Services -Waste Services	90			Increase cost of bin provision following rollout of alternate weekly collection. Projected overspend in fleet vehicle costs.
Homelessness			(117)	Reduction in the projected cost of homelessness. The average case numbers and nightly rate has reduced which has improved the forecast position. Additionally, new supply is expected to be available in the final quarter of 2019/20 which has been factored into the projection. Additionally there is a greater underspend predicted in the Supported Housing contingency and Homelessness Initiatives budgets.
Finance		-	(60)	MRP underspends due to reprofiling of the capital programmes and lower net interest costs as a result of lower interest rates.
Investment Properties		221	393	One off acquisition costs incurred relating to commercial property investment.
Maintenance	-	80	340	Reactive maintenance costs in excess of budget. Large proportion relates to Splashpoint. Health and safety works carried out within theatres in preparation of transfer to the trust.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 7

Key Decision : No

Ward(s) Affected: All

3rd Quarter Capital Investment Programme & Projects Monitoring 2019/20

Report by the Director for Digital and Resources

EXECUTIVE SUMMARY

1. PURPOSE

1.1 This report updates the Joint Strategic Committee on the progress made on the 2019/20 Capital Investment Programmes for Adur District Council, Worthing Borough Council. The programmes include schemes which support the delivery of services by the Joint Services Committee.

1.2 The following appendices have been attached to this report:

Appendix 1: Adur District Council Capital Monitoring Summary

Appendix 2: Worthing Borough Council Capital Monitoring Summary

Appendix 3: Adur District Council Reprofiled Budgets

Appendix 4: Worthing Borough Council Reprofiled Budgets

2. RECOMMENDATIONS

2.1 The Joint Strategic Committee is asked:

(a) **With respect to the Capital Investment Programme of Adur District Council.**

i) To note the reprofiling of the Adur District Council capital schemes as advised in paragraphs 7.2.1 and Appendix 3.

ii) To approve the use of ring-fenced capital receipts to fund the overspend of £23,134 on the Shoreham Air Crash Memorial Project as detailed in paragraph 7.2.3.

- iii) Agree to increase the budget for the Extended Ultrafast Network Fibre Network by £800,000 to £3.3m funded by a combination of the Local Growth Fund Grant funding of £676,500 and a contribution from the WSCC Business Rate Pool of £1,250,000 as detailed in paragraph 7.1.3. The Adur District Council share of this scheme is £376,000.
- iv) To approve the virement to fund the overspend on the purchase of wheeled bins for the new alternate weekly collection service and approve the funding as detailed in paragraph 7.1.2.
- v) To approve the increase in the Disabled Facilities Grant Budget by £64,790 funded by Better Care Fund Grant as detailed in paragraph 7.2.4.

b) With respect to the Capital Investment Programme of Worthing Borough Council.

- i) To note the reprofiling of the Worthing Borough Council capital schemes as advised in paragraphs 7.3.1 and Appendix 4.
- ii) To approve the virement to fund the overspend on the purchase of wheeled bins for the new alternate weekly collection service and approve the funding as detailed in paragraph 7.1.2.
- iii) Agree to increase the budget for the Extended Ultrafast Network Fibre Network by £800,000 to £3.3m funded by a combination of the Local Growth Fund Grant funding of £676,500 and a contribution from the WSCC Business Rate Pool of £1,250,000 as detailed in paragraph 7.1.3. The Worthing Borough Council share of this scheme is £424,000.
- v) To approve the increase in the Disabled Facilities Grant Budget by £204,240 funded by Better Care Fund Grant as detailed in paragraph 7.3.2.

3. CONTEXT

- 3.1 In accordance with the Councils' Capital Strategy, the Capital Working Group oversees the implementation and progress of both Councils' Capital Investment Programmes.
- 3.2 The Capital Working Group meets quarterly and monitors the programmes' progress and finance, seeking to address any problems at an early stage in order for schemes to be completed within budget and timescales. Where problems are highlighted the Group considers possible remedies including virements between schemes, reprofiling of budgets between years and the withdrawal of schemes from the programme when schemes are unable to proceed. This could be due to resourcing problems, time delays or other factors beyond the Councils' control.

- 3.3 Full summaries of the progress of all the schemes in the 2019/20 Capital Investment Programmes are prepared each quarter highlighting:

Schemes with significant challenges	Red
Schemes where progress is being closely monitored	Amber
Schemes progressing well	Green
Schemes where progress is beyond officers' control	▣
Schemes with financial issues	£
Schemes where progress has improved	⬆
Schemes where progress has deteriorated	⬇

- 3.4 The Capital Working Group also ensures that capital schemes are approved within financial regulations.

- 3.5 Financial Regulations require officers to report each project on completion.

4. **SUCCESSSES AND CHALLENGES IN THE 2019/20 CAPITAL INVESTMENT PROGRAMMES**

- 4.1 The following schemes are progressing well:

4.1.1 **Adur Homes Capital Investment Programme**

The Adur Homes Capital Investment Programme for 2019/20 and 2020/21 was approved by the Joint Strategic Committee 9th October 2018.

Delivery of the Capital Improvement Programme continues to be shaped by guidance issued to local authorities by the Regulator of Social Housing in the aftermath of the Grenfell fire and better knowledge of our stock.

The appointment of a Fire Safety Officer has allowed us to focus on fire safety remedial works. Several fire remedial works are now being implemented across our stock. This includes the front entrance fire door replacement programme which has already seen the replacement of 181 'critical' doors in tenanted properties. Engagement with leaseholders to identify and support them to bring their doors into compliance with the current legislation, has also commenced.

The upgrade of the Community Alarm Systems in our sheltered housing schemes is now at the implementation stage.

4.1.2 Adur Homes External Works Programme

The external capital works programme is being revised in light of the need to re-profile fire safety works and also critical health and safety works. However the following is underway:

- Work at Southwick Square to repair guttering, soffits and fascias was brought forward into this year's programme, and work started on site in the summer of 2019 and was completed in the autumn.
- The project to undertake external works to Rocks Close and Locks Court is advancing well with tenders having now been obtained. A resident engagement meeting took place on the 2nd October 2019 to discuss the plans and the aim is to be on site in late spring of 2020. Work to replace the doors and screens at Bushby Close and Beachcroft Place are progressing well and tenders have been invited for these works and the commencement of the works being with a similar time frame to Rock Close and Locks Court. A meeting with residents will be undertaken post tender.

Standard specifications for all external works are being reviewed to ensure best value and support the development of a programme of works that is in line with priorities that have emerged as the result of condition surveys and new urgent matters being added to the work programme.

4.1.3 Adur Homes Development and Acquisition Programme

Following the lifting of the Housing Revenue Account (HRA) borrowing cap, the Council has now taken over the development of Albion Street, which will see the delivery of 50 affordable homes in contrast to the 15 affordable homes that would have been delivered under the former scheme. Planning permission has been granted and tender returns for construction are due back in mid December .

The development of Cecil Norris House is well underway. Pilbeam construction started on site in July 2019 and have commenced demolition of the existing blocks. This project will deliver 15 units of social housing.

The recent report to the Joint Strategic Committee in February 2019 updated members on the latest expected cost of both Cecil Norris House and Albion Street.

Earlier this year Adur Homes completed the conversion of a former staff office at 101 North Rd, Lancing into 2 one bedroom flats which are now occupied by new tenants.

Officers are also working up plans for the development of infill and other garage sites owned by the HRA, with the potential to deliver up to 60 new homes.

4.1.4 Adur Civic Centre – Redevelopment

- i) Demolition of the Civic Centre. The demolition completed 1st June 2017.
- ii) Phase I: North New Office Development. The construction completed June 2019 and has the building is now occupied by new tenants.
- iii) Phase II South development of the Civic Centre Site. The Council has now identified a developer to take this scheme forward which should see significant new housing units developed on-site including 171 affordable housing units. Planning approval is anticipated March 2020 with building estimated to commence mid 2020/21.

5. PROGRESS OF THE ADUR DISTRICT COUNCIL 2019/20 CAPITAL INVESTMENT PROGRAMME – JANUARY 2020

- 5.1 There are 59 schemes in the 2019/20 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	36	61.0
Schemes where progress is being closely monitored	23	39.0
Schemes with significant challenges	0	0

- 5.2 A summary of the schemes with significant challenges or where there are financial issues is attached as Appendix 1 to this report. A summary of the progress of all the schemes in the 2019/20 Capital Investment Programme is available from the Councils' Joint Intranet.

6. PROGRESS OF THE WORTHING BOROUGH COUNCIL 2019/20 CAPITAL INVESTMENT PROGRAMME – JANUARY 2020

- 6.1 There are 89 schemes in the 2019/20 current capital investment programme which are progressing as follows:

	Number of schemes	Percentage %
Schemes which are progressing satisfactorily or have completed	62	69.7
Schemes where progress is being closely monitored	27	30.3
Schemes with significant challenges	0	0

- 6.2 A summary of the schemes with significant challenges or where there are financial issues is attached as Appendix 2 to this report. A summary of the

progress of all the schemes in the 2019/20 Capital Investment Programme is available from the Councils' Joint Intranet.

7. ISSUES FOR CONSIDERATION

7.1 Adur and Worthing Joint Service Schemes

7.1.1 The following amendments to the Adur District Council and Worthing Borough Council Joint Services 2019/20 Schemes are recommended:

7.1.2 Refuse and Recycling Wheeled Bin - Replacements

Following the approval by the Joint Strategic Committee November 2018 to change to alternate weekly collections of refuse and recycling, the increase in demand for larger refuse and recycling bins created a joint Adur District and Worthing Borough Council overspend of £103,120 in 2018/19.

Members will be aware that the increased demand for larger bins has continued in 2019/20 with 130 requests for larger bins per week, but this has reduced in recent months. The Adur District and Worthing Borough Councils' 2019/20 Capital Investment Programmes included an initial joint budget of £50,000 for the purchase of new wheeled bins, but this was identified as insufficient to fund the expected level of purchases. As a result, in the last monitoring report, members approved the transfer of the budget of £56,000 for one replacement ride on mower, which was now not required following a review of the service. This gave a revised budget of £106,000 for 2020/21.

The current spend is £110,580, resulting in a further overspend of £4,580. This may increase as further orders for larger bins are raised. It is proposed to fund this shortfall from the underspend on the purchase of Trade Waste Bins of £4,580.

7.1.3 Extending Ultrafast Network Replacement

The Councils originally approved a budget of £2.5m for the expansion of the Ultrafast Network project to additional properties in April 2019. However since this time, the Council has successfully bid for funding towards the project and to expand the scheme to implement public wifi within the Town Centres which will increase the overall cost of the project to £3.3m

The Councils have received notification of a local Growth Fund Grant of £676,500, £167,840 2019/20 and £508,660 2020/21, to fund the extension of the ultrafast network replacement. In addition, the Councils have secured funding of £1.25m from the WSCC Business Rate pool.

The grants need to be added to the Adur District and Worthing Borough Councils' Capital Investment Programmes (47% / 53%), and the overall budget increase to reflect the expanded nature of the scheme.

7.2 Adur District Council

7.2.1 Budgets totalling £16,201,380 have been reprofiled to 2020/21 and future years, where the original project plan has changed and the schemes are not expected to complete in 2019/20. A list of schemes reprofiled is attached as Appendix 3 to this report.

7.2.2 The following amendments to the Adur District Council 2019/20 Capital Investment Programme are recommended:

7.2.3 Shoreham Air Crash Memorial Project

The Council approved the creation of a lasting memorial to the victims of the Shoreham Air Crash in April 2017, funded from donations and ring-fenced capital receipts.

	£'000
Final scheme cost	132,930
Funded by:	
Grants and donations	68,500
Capital receipts - Original approval	25,000
- Funding released in December 2019	16,300
- Further release of funding	23,130

The memorial has now been completed. Some late invoices have been received and additional funding of £23,130 is now requested funded from the Shoreham Renaissance Ring-Fenced Capital Receipts.

7.2.4 Mandatory Disabled Facilities Grants

The 2019/20 Capital Investment Programme includes a budget provision of £506,960 for the provision of Disabled Facilities Grants. All grants are funded from an annual grant from the Housing, Communities and Local Government Better Care Fund.

The forecast spend on Disabled Facilities Grants in 2019/20 is £571,750 which exceeds the current budget by £64,790. However, the annual BCF grant received by the Council in recent years has exceeded the grants made and the Council holds sufficient grant to fund the forecast spend.

It is recommended that the 2019/20 Disabled Facilities Grant is increased by £64,790 in line with the forecast spend funded by BCF Grant received in previous years.

7.2.5 Wadurs Swimming Pool - Expansion of changing facilities

The scheme was originally delayed by funding issues and additional funding has been approved. This has enabled the contract to be awarded and works to commence.

However, additional works are now required due to a defective floor screed to the existing changing facilities being found during opening up works which will require replacement. This will result in the contract being extended into 2020/21 and will incur estimated additional costs of £20,000 for the flooring and to extend the contract. The current overspend can be accommodated within the overall 2019/20 capital investment programme.

7.2.6 Lower Beach Car Park - Enhancements

The construction works have now been completed. However, the Final Road Safety Audit has raised three issues which will need rectification before the scheme can be signed off. Liaison is in progress with WSCC regarding the extent of the works required.

The cost of the additional works is not known at this time but is estimated at £20,000 which can be funded from the overall underspend in the 2019/20 Capital Investment Programme.

7.3 Worthing Borough Council

7.3.1 Budgets totalling £12,518,830 have been reprofiled to 2020/21 and future years where the original project plan has changed and the schemes are unable to complete in 2019/20. A list of schemes reprofiled is attached as Appendix 4 to this report.

7.3.2 Mandatory Disabled Facilities Grants

The 2019/20 Capital Investment Programme includes a budget provision of £1,223,820 for the provision of Disabled Facilities Grants. All grants are funded from an annual grant from the Housing, Communities and Local Government Better Care Fund.

The forecast spend on Disabled Facilities Grants in 2019/20 is £1,428,060 which exceeds the current budget by £204,240. However, the annual BCF grant received by the Council in recent years has exceeded the grants made and the Council has sufficient grant to fund the forecast spend.

It is recommended that the 2019/20 Disabled Facilities Grant is increased by £204,240 in line with the forecast spend funded by BCF Grant received in previous years.

7.3.3 Field Place Tennis Courts - Reconstruction and fence renewal

The 2020/21 Capital Investment Programme includes a budget provision of £246,000 for the Field Place Tennis Courts reconstruction and renewal of fencing.

The budget provision was based on estimates 3 years ago and it is currently estimated that there will be a budget shortfall of at least £25,000, but the full extent of any overspend will not be revealed until the scheme is tendered. The tender is currently being prepared for return at the end of February 2020.

It is proposed to ring-fence any overall 2019/20 Capital Investment Programme underspend and carry forward to 2020/21 to fund the anticipated shortfall.

8. ENGAGEMENT AND COMMUNICATION

- 8.1 The purpose of this report is to communicate with stakeholders on the progress of the Adur District Council and Worthing Borough Council 2018/19 Capital Investment Programmes. Officers of the Council have been consulted with on the progress of the schemes which they are responsible for delivering.
- 8.2 Specific schemes are subject to public consultation (e.g new playgrounds) to ensure that they meet community needs.

9. FINANCIAL IMPLICATIONS

- 9.1 There are no unbudgeted financial implications arising from this report as the Adur District Council and Worthing Borough Council original 2019/20 Capital Investment Programmes were approved by the Councils in December 2017. Subsequent changes have been reported to and approved by the Joint Strategic Committee. The issues considered in this report can be funded from within existing resources.

10. LEGAL IMPLICATIONS

- 10.1 Section 28 Local Government Act 2003, as amended by the Localism Act 2011, provides that where in relation to a financial year, a Local Authority has made the calculations required by section 43 Local Government Finance Act 1992, it must review them from time to time during the year. If it appears that there has been a deterioration in its financial position it must take such action, if any, as it considers is necessary to deal with the situation.
- 11.2 Section 151 of the Local Government Act 1972 requires the Councils to make arrangements for the proper administration of their financial affairs.

Background Papers

- Capital Investment Programme 2019/20 – 2021/22 Adur District Council, Worthing Borough Council and Joint Committee
- Capital Strategy 2019/22.
- Enabling the Digital Future for Adur & Worthing: Extending Ultrafast - Report to the Joint Strategic Committee dated 2nd April 2019.

Officer Contact Details:-

Sarah Gobey

Chief Financial Officer

01903 221233

sarah.gobey@adur-worthing.gov.uk

SUSTAINABILITY AND RISK ASSESSMENT

1. ECONOMIC

- The capital programme prioritisation model awards points for capital project proposals that impact positively on the economic development of our places or the economic participation of our communities.

2. SOCIAL

2.1 Social Value

- The capital programme prioritisation model awards points for capital project proposals that impact positively on our communities.

2.2 Equality Issues

- The capital programme prioritisation model awards points for capital project proposals that address DDA requirements and reduce inequalities.

3. ENVIRONMENTAL

- The management, custodianship and protection of our natural resources are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programme.

4. GOVERNANCE

- The Councils' priorities, specific action plans, strategies or policies are considered when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- The Councils' reputation or relationship with our partners or community is taken into account when capital schemes are assessed for inclusion in the Councils' Capital Investment Programmes.
- Resourcing, risk management (including health and safety) and the governance of the either Council are fully considered during the preparation of the Councils' Capital Investment Programmes.

CAPITAL MONITORING SUMMARY 2019/20
JANUARY 2020

Executive Portfolios	(1) Total ADC Scheme Budgets £	(2) Previous Years' Spend £	(3) 2019/20 Original Budget £	(4) Net budget b/f from 2018/19 £	(5) Approved Changes to Original Budget £	(6) 2019/20 Budget Reprofiles to and from 2020/21 £	(7) 2019/20 Current Budget £	(8) 2019/20 Spend to Date £	(9) Spend % of Current Budget
Customer Services	20,122,390	-	8,286,000	2,371,650	9,464,740	(12,694,650)	7,427,740	3,282,605	44.19%
Environment	2,753,150	817,200	477,650	64,650	1,373,650	(488,470)	1,427,480	717,663	50.27%
Health and Wellbeing	277,250	3,360	220,000	(2,400)	54,450	-	272,050	15,187	5.58%
Regeneration	6,024,750	189,640	1,162,900	3,393,550	1,211,900	(1,523,000)	4,245,350	3,573,971	84.19%
Resources	64,309,000	9,860,110	26,577,070	103,140	26,579,700	(1,495,260)	51,764,650	43,429,834	83.90%
TOTALS	93,486,540	10,870,310	36,723,620	5,930,590	38,684,440	(16,201,380)	65,137,270	51,019,260	78.33%

Financing of 2019/20 Programme:
Adur Homes Capital Programme:

Capital Receipts:	1,680
Major Repairs Reserve:	3,300
Homes England:	900
S106 Receipts:	144
New Development Reserve:	39
Prudential Borrowing:	18
	6,081

General Fund Capital Programme:

Prudential Borrowing:	53,526
Capital Receipts:	85
Government Grants:	1,690
Revenue Reserves and Contributions:	108
Other Contributions:	3,352
S106 Receipts:	295
	59,056

Summary of Progress:

Schemes with significant challenges:	-
Schemes where progress is being closely monitored:	23
Schemes progressing well or completed:	36
Total Schemes:	59

(1) SCHEME (Responsible Officer)	(2) Total ADC Scheme Budget	(3) Previous Years' Spend	(4) 2019/20 Original Budget	(5) Budget Reprofiles to and from 2020/21 and Future Years	(6) 2019/20 Current Budget	(7) 2019/20 Spend to Date	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	(9) 2019/20 Anticipated (Underspend) /Overspend (Council Resources)	(10) COMMENTS AND PROGRESS	(11) Status
1 Refuse and Recycling Service Provision of wheeled bins (Partnership Scheme with Worthing Borough Council. Total Budget £50,000) (TP)	18,200	-	18,200	-	18,200	40,250	Mar-20 02/01/20 (P)	22,050	The current demand has been high with requests for 130 new bins per week, but has reduced in recent months. The current joint overspend is anticipated at approx £60,576. The overspend is to be funded from the £56,000 budget for a replacement of one ride on mower which is not required following a service review, and the underspend on the provision of trade waste bins.	£
2 Car Parks - Lower Beach Road Car Park Enhancements (MP)	715,400	708,550	-	-	6,850	177	Mar 21 / 29.11.12 (D)	20,000	Works complete. However, the Final Road Safety Audit has raised three issues which will need rectification before sign off. Liaison with WSCC is being undertaken and additional funding will be required from general underspends in the 2019/20 Capital Investment Programme.	£
3 Wadurs Swimming Pool - Expansion of changing facilities (KS)	272,110	-	-	-	272,110	66,393	April 2020 / 10.9.19 (D)	20,000	The scheme was originally delayed by funding issues. Additional funding has been allocated, the contract has been awarded and works have commenced.	£

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SCHEME (Responsible Officer)	Total ADC Scheme Budget	Previous Years' Spend	2019/20 Original Budget	Budget Reprofiles to and from 2020/21 and Future Years	2019/20 Current Budget	2019/20 Spend to Date	Anticipated Completion Date (C) / Approval Report(D)/ P.I.D.(P)	2019/20 Anticipated (Underspend) /Overspend (Council Resources)	COMMENTS AND PROGRESS Status	
	£	£	£	£	£	£		£	<input checked="" type="checkbox"/> Progress Beyond Council's Control £ Schemes with financial issues ▲ Scheme Progress Improved ▼ Scheme Progress Deteriorated	
									However, additional works are now required due to the defective existing flooring which will need to be replaced. This will result in a contract extension and additional estimated costs of £20,000, which can be funded from the overall 2019/20 Capital Investment Programme underspends.	
TOTAL:	1,005,710	-	-	-	297,160	106,819.66		62,050		

RESPONSIBLE OFFICERS:

Tony Patching
Martyn Payne
Kevin Smith

Head of Waste Management and Cleansing
Senior Engineer
Principal Building Surveyor

CAPITAL MONITORING SUMMARY 2019/20

JANUARY 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Executive Portfolios	Total WBC Scheme Budgets	Previous Years' Spend	2019/20 Original Budget	Net Budget b/f from 2018/19	Approved Changes to Original Budget	2019/20 Budget Reprofiled to and (from) 2020/21	2019/20 Current Budget	2019/20 Spend to Date	Spend % of Current Budget
	£	£	£	£	£	£	£	£	
Customer Services	5,797,310	59,870	4,053,830	1,279,710	403,900	(1,661,160)	4,076,280	2,939,014	72.10%
Digital and Environment Services	8,715,500	1,404,360	2,142,180	764,960	4,291,700	(3,710,140)	3,488,700	1,886,032	54.06%
Health and Wellbeing	358,640	-	39,200	(6,250)	325,690	(232,000)	126,640	39,165	30.93%
Regeneration	13,628,770	2,664,790	703,720	935,060	7,384,720	(6,257,140)	2,766,360	1,556,463	56.26%
Resources	56,289,960	55,600	25,264,500	471,300	30,614,620	(658,390)	55,692,030	50,576,945	90.82%
TOTALS	84,790,180	4,184,620	32,203,430	3,444,780	43,020,630	(12,518,830)	66,150,010	56,997,619	86.16%

Financing of 2019/20 Programme:

	£'000
Borrowing:	63228
Capital Receipts:	357
Revenue Contributions and Reserves:	270
Government Grants:	1258
S106 Receipts	114
Other Contributions:	923
	<u>66,150</u>

Capital Monitoring - Summary of Progress:

Schemes with significant challenges:	-
Schemes where progress is being closely monitored:	27
Schemes which are progressing satisfactorily or have completed:	62
Total Schemes:	<u>89</u>

(1) SCHEME (Responsible Officer)	(2) Total WBC Scheme Budget £	(3) Previous Years' Spend £	(4) 2019/20 Original Budget £	(5) Budget Reprofiled to and (from) 2020/21 and future years £	(6) 2019/20 Current Budget £	(7) 2019/20 Spend to Date £	(8) Anticipated Completion Date (C) / Approval Report(D)/ P.I.D (P)	(9) 2019/20 Anticipated (Underspend) /Overspend (Capital Resources) £	(10) COMMENTS AND PROGRESS <ul style="list-style-type: none"> ● Progress Beyond Council's Control £ Schemes With Financial Issues ▲ Scheme Progress Improved ▼ Scheme Progress Deteriorated 	(11) Status £
1 Refuse and Recycling Service Provision of wheeled bins (Partnership Scheme with Adur District Council. Total Budget £50,000) (TP)	31,800	-	31,800	-	31,800	70,326	T.B.A. (C) 9.7.19 (D)	38,526	<p>The current demand has been high with requests for 130 new bins per week, but has reduced in recent months. The current joint overspend is anticipated at approx £60,576.</p> <p>The overspend is to be funded from the £56,000 budget for a replacement of one ride on mower which is not required following a service review, and the underspend on the provision of trade waste bins.</p>	£
TOTAL:	31,800	-	31,800	-	31,800	70,326	-	38,526		

RESPONSIBLE OFFICERS: Tony Patching Head of Waste Management and Cleansing

ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Adur Homes Capital Investment Programme	4,706,200	External Works Programme: i) External works to Rocks Close and Locks Court. Start on site June 2020. ii) Bushby and Beachcroft Court replacement doors, porches and screens, start on site June 2020.
	130,000	Central Heating Programme of works under consideration.
	100,000	Environmental Improvements: Properties are currently being inspected to identify and prioritise works.
	150,000	Kitchen and Bathroom Improvements: Data being compiled to enable prioritisation of works.
	2,500,000	Fire Safety Works : Works are progressing well and the programme of works will continue in 2020/21.
	511,910	HRA Development Programme Budgets reprofiled in line with anticipated expenditure
	45,000	ICT Systems Housing Repair System Housing Repairs System on hold whilst Orchard System is reviewed for priority works.
	200,000	Sheltered Accommodation Replacement of community alarms Works commenced 2020 and will continue in 2020/21.
	500,000	Professional and Consultancy Services Costs reprofiled in line with anticipated expenditure.
Affordable Housing Programme 2019/2020 - Unallocated budget	660,600	One grant for £720,000 has been approved in 2019/20 to the Hyde Group for the provision of 14 rented units. Remaining budget reprofiled to 2020/21 due to likely lead in times for any further grants identified.



ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Buckingham Park - Contribution to a replacement pavilion	188,800	The Joint Strategic Committee has agreed in principle £150,000 S106 receipts and £38,800 capital resources to be used as match funding to help secure funding towards replacement of the pavilion at Buckingham Park. The Rugby Club have revised the designs for the new pavilion but external funding is still required and being sought.
Coast Protection Works - Shoreham Western Harbour Arm	1,400,000	The purchase of land from Sussex Yacht Club enabling them to commence construction of a new club house has completed. Vacant possession of the old Yacht Club anticipated May 20 when demolition will commence followed by the coast protection works.
Office Equipment - Replacement of Council Chamber Microphone System	14,100	The equipment needs to be installed by May 2020 and the budget has been reprofiled in line with anticipated expenditure.
Foreshore Management - Kingston Beach Area Improvements (Total budget £22,000)	2,000	Environmental improvements in the Kingston Beach Area are to be undertaken following the completion of coast protection works in the area. Budget profiled in 2020/21.
Adur Town Centre Public Space Improvements	48,000	i) £40,000 reprofiled for resurfacing of the paved area at Queensway to be undertaken next Spring in order to avoid the winter weather. li) £8,000 reprofiled for the bus shelter improvement scheme.
Grounds Maintenance Service - Replacement of vehicles	44,370	Vehicles replacements are on hold whilst a service review is undertaken. Budget reprofiled to 2020/21.
Housing - Empty property grants and loans to bring properties back into use.	21,000	A list of all the empty properties in Adur and Worthing has been compiled. The list has advised that there are no empty properties which require grants or loans from the Council to bring them back into use. The budget has been reprofiled to 2020/21 for future grants or loans that may arise.



ADUR DISTRICT
COUNCIL

ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Information and Technology - Digital Strategy (Partnership Scheme with Worthing Borough Council)	181,700	The Digital Strategy has been reviewed and refocused to create a technology roadmap that will be implemented in 2020/21. The roadmap includes the further development of Apps such as Compliance, Asset Management, Sports Pitches and Events Booking, as well as a network refresh and completion of the replacement of the on premise data centre.
Information and Technology - Extending Ultrafast Fibre Network	900,000	Works are being undertaken with consultants to create a digital infrastructure programme. The budget has been profiled in line with anticipated timescales.
Outdoor Fitness Equipment - Parklands Open Space	20,000	Consultation to be undertaken with the local community over the winter. Specification / tendering to be undertaken January / February 2020 following by construction works March / April 2020.
Payroll System - Replacement (Partnership scheme with Worthing Borough Council. Total cost £175,000.	82,250	Scheme to be tendered imminently for a 2020/21 implementation.
Property Acquisitions - Acquisition of emergency, interim or temporary accommodation for the homeless (Invest to Save Scheme)	3,169,940	<p>The Council is actively reviewing options to acquire land within Adur for the development of temporary and emergency accommodation and is in discussion with partners such as WSCC regarding the possibility of joint development on vacant sites. Due to lead in times for development schemes the unallocated budget has been carried forward to 2020/21.</p> <p>The Council has recently agreed to refurbish the 2 semi-detached houses at Albion Street to provide good quality temporary accommodation in 2020/21.</p>
Shoreham Harbour Projects (Externally funded by the Central Government Growth Point Programme)	70,000	<p>The Shoreham Harbour Project Board have approved the following contributions:</p> <p>i) £75,000 towards an A259 green corridor.</p> <p>ii) £10,000 for a green infrastructure design in South Portslade.</p> <p>However, the contributions are not anticipated until 2020/21 and the budget has been reprofiled.</p>

**ADUR DISTRICT COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS**

Scheme	Reprofiled Budgets	Reason
Play Area Improvements - Sompting Recreation Ground	100,800	Funding has been found to enlarge the Play Area at Sompting Recreation Ground and replace the equipment. Works to commence after the replacement of equipment at other sites when the full budget available will be known. Budget reprofiled due to likely timescales for implementation.
Public Conveniences - Refurbishments	100,000	Refurbishment works at the Fort Haven site being costed and work will be undertaken in 2020/21. Remaining budget carried forward to fund a programme of replacement hand units in 2020/21 and other priorities.
Southwick Recreation Ground - Resurfacing of hard surfaces	32,500	Scheme on hold awaiting a strategic review of the property. As the timescales for the works are uncertain the budget reprofiled to 2020/21.
Sport and Recreation Facilities in the Community - Contribution towards CCTV cameras at the Sir Robert Woodard Academy	5,000	Quotes being obtained for the CCTV cameras. Budget reprofiled due to likely installation timescales.
Carbon Reduction Schemes General Provision	317,210	The Carbon Neutral Plan has been finalised and includes recommendations on programmes and areas of focus for carbon reduction projects. Budget has been profiled in line with anticipated timescales for tendering and procurement of schemes.
Total Reprofiled Budgets:	16,201,380	



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Affordable Housing (Partnership Schemes with Registered Social Landlords) Unallocated Budget	831,900	Grant to Worthing Homes for a conversion scheme for 4 units approved for 2019/20. Remainder of budget profiled in 2020/21 due to likely timescales for payments of grants.
Asbestos Management and Removal from Corporate Buildings	200,000	Asbestos surveys are currently being commissioned. Some remedial works will be undertaken in 2020/21.
Boundary Signs - Replacement of existing boundary signs on main entry routes into Worthing and additional signs on the A27	42,000	Future direction and sign design still under consideration. Timescales for scheme uncertain.
Car Parks - Buckingham Road MSCP Refurbishment	1,533,000	Scheme added to the Capital Investment Programme November 2018 and the works are anticipated to be undertaken in 2020/21.
Connaught Studio - Installation of air conditioning	33,000	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme has been reviewed and re-assessed to prioritise works in line with the recently received condition surveys. Non priority schemes have been profiled in future years.
Connaught Theatre - Refurbishment of public toilets	92,000	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme has been reviewed and re-assessed to prioritise works in line with the recently received condition surveys. Non priority schemes have been profiled in future years.
Connaught Theatre - Installation of a ventilation system	66,080	Following the decision to set up a new charitable organisation to deliver the town's cultural venues, the Worthing Theatres' Cultural Capital Investment Programme has been reviewed and re-assessed to prioritise works in line with the recently received condition surveys. Non priority schemes have been profiled in future years.



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Crematorium - Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators	226,000	The scheme has been delayed following a revised design. Start on site is now estimated March 2020 with completion May 2020.
Crematorium - Redevelopment of the children's garden	-50,000	The Joint Strategic Committee September 2019 approved the bringing forward of budget from the Crematorium Improvements budget in 2020/21 to fund the redevelopment of the children's garden in 2019/20.
Decoy Farm - Development of the site to provide office space	3,000,000	Procurement of the scheme is currently being considered and delivery is anticipated in 2020/21.
Disability Discrimination Act Improvements - Provision of minor alterations and improvements to Council properties	32,000	The following works are to be undertaken in 2020/21 once the design for the schemes has been finalised. i) Connaught Theatre DDA staircase and landing adaptation. ii) Crematorium disabled toilets new alarm system linked back to the control panel in reception. iii) Crematorium Muntham Chapel new automated exit doors.
Foreshore - Purchase and installation of 32 new beach huts between Esplanade Court and Clarence Court	341,360	Planning approval has been received for 8 huts which are currently being tendered. Other sites are being considered but due to lead in times for planning and construction, works will not be undertaken until 2020/21.
Foreshore - Fire Prevention Works to Pier, Southern Pavilion and Seafront Amusements	314,560	The installation of the fire main and the sewerage pipe is complete. A new sprinkler system is also required for the Amusements, Southern Pavilion and the Pavilion Theatre. These works are still to be tendered and will be undertaken in 2020/21.
Grounds Maintenance - Replacement vehicles	66,550	Vehicles replacements are on hold whilst a service review is undertaken. Budget reprofiled to 2020/21.
Highdown Gardens - Infrastructure improvements to buildings and gardens	500,000	This HLF funded project has a 3 year duration and commenced in August 2019, and the construction contract was awarded in January 2020.



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Housing - Empty Property Grants to bring empty houses back into use	20,000	A list of all the empty properties in Adur and Worthing has been compiled. The list has advised that there are no further empty properties which require grants or loans from the Council to bring them back into use. The remaining budget has been reprofiled to 2020/21 for future grants or loans that may arise.
Information and Technology - Extending Ultrafast Fibre Network	1,460,000	Works are being undertaken with consultants to create a digital infrastructure programme. The budget has been profiled in line with anticipated timescales.
Information and Technology - Digital Strategy (Partnership Scheme with Adur District Council)	214,440	The Digital Strategy has been reviewed and refocused to create a technology roadmap that will be implemented in 2020/21. The roadmap includes the further development of Apps such as Compliance, Asset Management, Sports Pitches and Events Booking, as well as a network refresh and completion of the replacement of the on premise data centre.
Museum and Art Gallery - Redevelopment "Let the Light In Project"	89,190	The museum development project "Let the Light In" is ongoing. The application to the Heritage Lottery was resubmitted November 2019, with the result of first stage application March 2020. If successful this will be followed by the Development Stage (timescale to be agreed with the HLF).
Museum and Art Gallery - Replacement of 3 display cases and purchase of additional display cases	32,400	Budget to be used as match funding for the Museum's Project "Let the Light In" external funding bid to the National Lottery Heritage Fund.
Properties - Montague Street Site Essential Repairs	243,470	Internal works to rectify the water damage have been delayed by a change in the managing agents and the Council is awaiting instructions to progress if necessary. There may also be other works still to be specified. Budget reprofiled to 2020/21 due to procurement and tendering timescales.
Office Equipment - New microphone system	15,900	The equipment needs to be installed by May 2020 and the budget has been reprofiled in line with anticipated expenditure.



WORTHING BOROUGH
COUNCIL

WORTHING BOROUGH COUNCIL - CAPITAL BUDGETS REPROFILED TO FUTURE YEARS

Scheme	Reprofiled Budgets	Reason
Outdoor Fitness Equipment - Tarring Recreation Ground	20,000	Works under review.
Payroll System - Replacement (Partnership scheme with Adur District Council. Total cost £175,000.	92,750	Scheme to be tendered imminently for a 2020/21 implementation.
Property Acquisitions - Acquisition and development of emergency, interim or temporary accommodation for the homeless (Invest to Save Scheme)	476,590	Development of the Downsview and Rowlands Road Sites is in progress and works will continue in 2020/21.
Public Conveniences - Broadwater Green Pavilion Refurbishment	89,600	Contribution to Broadwater Cricket Club to be used as match funding for a total refurbishment of the pavilion including the refurbishment of the public toilet block. Timescales for works dependent on successful funding bids.
Public Conveniences - Church House Ground Pavilion Refurbishment	150,000	Contribution to Bowls Club to be used as match funding for a total refurbishment of the pavilion including the refurbishment of the public toilet block. Timescales for works dependent on successful funding bids.
Palatine Park - Provision of an artificial football pitch	840,000	Budget profiled to 2020/21 due to external funding timescales. Planning permission has been granted and the external funding bid is to be submitted.
Palatine Park - Play Area Improvements	100,800	Play area to be relocated to an area which does not flood. Consultation in progress with local groups and residents. Works to be undertaken alongside the installation of the artificial pitch.
Richmond Room - Replacement of high level felted roof covering	20,000	Costs and scheme under review for a 2020/21 delivery.
Teville Gate Car Park	1,026,220	Surface car park completed. Further development of site to be undertaken in future years.
Carbon Reduction Schemes - General Provision	399,020	The Carbon Neutral Plan has been finalised and includes recommendations on programmes and areas of focus for carbon reduction projects. Budget has been profiled in line with anticipated timescales for tendering and procurement of schemes.
Total Reprofiled Budgets:	12,518,830	



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 8

Ward(s) Affected: All

Strategic Property Investment Fund 2020 and the Annual Commercial Property Investment Strategy 2020/21

Report by the Director for the Economy

Executive Summary

Statutory guidance places a duty on local authorities to prepare an annual investment strategy to be approved by the full council or equivalent, in advance of forthcoming financial years.

This report seeks to provide an update on the recent investment activities and current position of the Strategic Property Investment Fund as of January 2020. This covers:

- The current overall fund structures and completions within the current financial year to date.
- Updates to processes to support the ongoing structured and measured approach to property income generations and pro-active risk management inherent in any property investment.
- Update mechanisms to support the ongoing development of a balanced portfolio with a move from initial income generation to total return approach as the fund matures, with an increasing focus on strategic asset management and long term growth approach.
- Outline the future strategy to increase the respective Councils' funds by a further £50 million per Council from £125m per Council to £175m per Council, increasing capital reserve allocations and ensuring ongoing resourcing of the pro-active management of the funds

A review has also been undertaken of the current Investment Strategy has been undertaken and updated version is attached to this report as an Appendix to this report.

The primary objective of the CPIS is to build a strong and resilient portfolio generating consistent revenue for the benefit of the Councils' delivery of services for the benefit of Adur and Worthing.

It is recommended that both of these reports be approved by the respective Councils as the Commercial Property Investment Strategy for 2020/2021.

1. Purpose

- 1.1 To update and confirm the Councils' robust Commercial Property Investment Strategy (CPIS) to support the Councils' strategic income generation objective.
- 1.2 To meet the Councils' statutory obligation to prepare an annual investment strategy to be approved in advance of the relevant financial year by Full Council (or equivalent).
- 1.3 The report will support the Councils' medium term financial strategy and seeks to renew and refresh the current investment strategy in relation to the investment funds providing details on:
 - Robust parameters to guide and support the development of an income generating property portfolio that seeks to manage and provide a financially resilient income stream for the Councils
 - Update governance criteria to ensure diligent analysis and transparency to support the transparent decision making process

2. Recommendations

- 2.1 It is recommended that Joint Governance Committee considers the contents of this report, providing feedback and/or comments to the Joint Strategic Committee (JSC)
- 2.2 It is recommended that the Joint Strategic Committee:
 - i. Agree the suggested delivery and governance model as set out in the report which will be approved by full Council as part of the overall Commercial Property Investment Strategy

- ii. Note that at the end of the 2019-2020 financial year a Commercial Property Investment Fund Annual Asset Review to be undertaken to detail specific performance of assets and potential future risks and opportunities along with proposals to manage these individual sites moving forward. This will be reported to the JSC by the end of September.
- iii. Notes that as part of the 2020/21 capital strategy, consideration is given to increasing the overall investment size from £125m to £175m per Council which will be funded from borrowing.
- iv. Approves that the average lot size be increased from £5m - £15m to £10m - £20m.
- v. Recommends to Adur District Council and Worthing Borough Council to adopt the Commercial Property Investment Strategy for 2020-2021
- vi. Approves that the budget for future years may be brought forward with the approval of the relevant Executive Members for Resources, following their consideration of a business case

3. Context

- 3.1. Due to continued reductions in central government grant funding, local authorities are increasing reliant upon income generating models to support the delivery of council services.
- 3.2. Adur and Worthing Councils have to make savings of £10m over the next 5 years. This is detailed in the Council's Outline Forecast and Budget strategy for 2020/21 which set out the initial challenge and detailed the Council's approach to delivering the required level of savings.
- 3.3. ¹Direct investment in commercial properties is one of the ways that Councils across the country have sought to increase their income growth in support of delivering council services
- 3.4. According to the Ministry of Housing Communities and Local Government, local authority expenditure on trading services totalled £4.0bn in 2018-19, up £993m (33%) in real terms from the previous year. (Trading services include

¹ Local Authority Capital Expenditure and Receipts, England: 2018-19 Final Outturn

the maintenance of direct labour and service organisations, such as civic halls, retail markets and industrial estates, and commercial activity)

- 3.5. Direct property investment is commonly undertaken by local authorities who have acquired assets both within their administrative boundaries and nationally.
- 3.6. National local authority spend on commercial property this financial year to date has totalled circa £1.9bn, with a total of £2.2bn spent in 2019. According to the Estates Gazette Radius Exchange, Councils have invested £3.5bn into office assets and a further £2.4bn into retail and leisure stores and schemes with almost 30% of all transactions in commercial real estate outside of the council's administrative area as councils seek to provide financial resilience for their services.
- 3.7. Typically these investments have been funded through Public Works Loan Board (PWLB) long term lending which is at rates of circa 2%-3%. Historically, this lending has been on preferential terms to the market enabling authorities to utilise this to generate income over and above borrowing costs. This surplus is used to contribute towards the funding of services and mitigating the impact of cuts to services whilst also protecting services that would otherwise be at risk of closure.
- 3.8. Members will be aware that earlier in the year the PWLB increased borrowing rates by 1%, nevertheless the rates still represent good value.
- 3.9. Adur District and Worthing Borough Councils have an established Strategic Property Investment Fund following a report to JSC in July 2015. Since this time, subsequent reports (the most recent being March 2019) have built upon and developed this workstream following the successful introduction of the Strategic Property Investment Fund and have increased the current fund size to £125m per Council
- 3.10. The approval of the 2019 Commercial Property Investment Strategy (CPIS) provided mechanisms to grow the portfolio and monitor performance through improved asset management, continued annual reviews and KPI monitoring. This report reinforces the continued need to monitor performance but moves to take a longer term total return approach to growing the portfolio. The investment strategy as part of this year's report follows the same format as previously.

3.11. This year's investment strategy reflects on the changes in the market over the last 12 months and looks ahead to the future providing context for considering the expansion of the fund size and continued investment within commercial property both in the context of council revenue requirements and general market regulations on this activity.

4. Issues for consideration

4.1. Financial position

4.1.1. Please note that all capital values quoted in the report are based upon initial purchase price excluding purchaser's costs. The two portfolios properties are subject to annual market valuations. This shows that overall the Worthing fund has increased in capital value by circa £800,000 and the Adur fund has shown a modest increase of circa £600,000 as at 1 April 2019. These are accounting valuations and do not include in year revaluations or on this financial year's acquisitions.

Year 2019-2020 position

	Number of purchases	Total Spend	Net return after borrowing
Adur	3	£40.85m	£747,187
Worthing	6	£51.73m	£831,688*

Year 2018-2019 position

	Number of purchases	Total Spend	Net return after borrowing
Adur	3	£24.98m	£521,730
Worthing	3	£25.14m	£522,210

Overall Fund position

	Number of purchases	Total Spend	Total Net return after borrowing
Adur	7	£76.76m	£1.55m
Worthing	13	£85.17m	£1.70m*

*This figure attributes nil income to Cannon House, Chatsworth Road - purchased with vacant possession and currently on the market available to let at £104,000 pa.

This figure does not include the uplift in income from the Liverpool Gardens Car Park acquisition should the Council seek to operate this car park directly, estimated at an additional £70,000pa.

4.1.2. Based on the current purchases, the Council will over-achieve it's income targets for 2019/20 as follows:

Total income for 2019/20

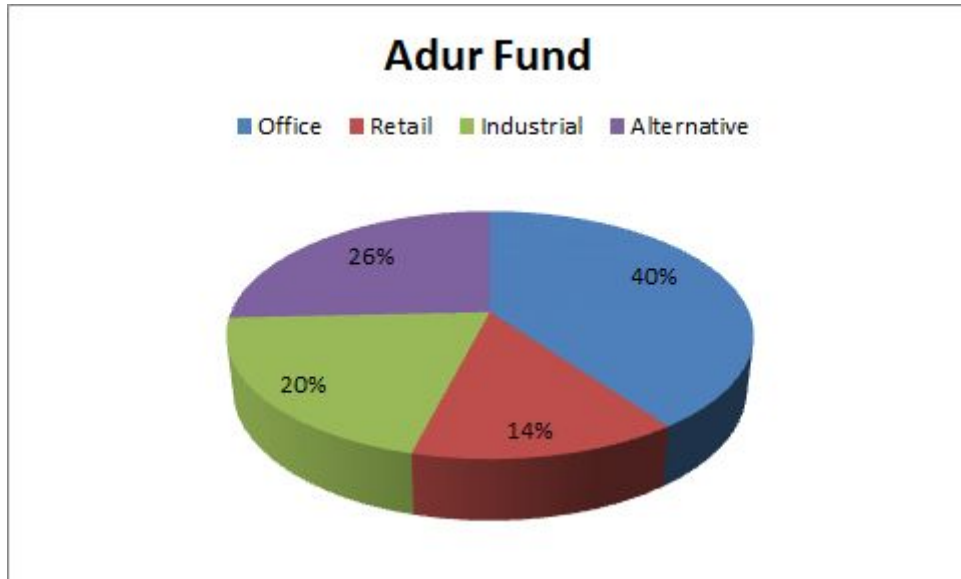
	Budget	Forecast outturn	Over achievement
	£	£	£
Adur	-2,728,010	-3,543,017	815,007
Worthing	-3,229,040	-3,882,659	653,619

4.1.3. It is important to note that due to the timings of individual purchases throughout the financial year, the rent received will be reduced in the first year to reflect the time held. Overall, the total annual rental yield from the current portfolios is expected to be £4.59m per annum for Adur and £5.3m for Worthing from next year.

4.2. Current Fund Structure

4.2.1. During the current financial year, the Councils have sought to acquire properties with yields at circa 5% as the funds move to a lower risk return, seeking strong underpinning factors with the investment but with potential for long term stable income and growth opportunities. The Councils have sought to acquire investments with strong covenants and often index linked rental growth for greater security.

4.2.2. The pie charts below detail the current weighting of the funds considering all purchases to date



These funds have been targeting the following asset class weightings:

Office	Retail	Industrial	Alternative
30%	20%	25%	25%

Details of the 2019-2020 individual acquisitions are summarised at **Appendix 2**

- 4.2.3. The above charts show that the latest financial year still leaves both Councils weighted towards office investments as this has been driven by a combination of market opportunities and strong fundamentals within this sector.
- 4.2.4. Both funds have significantly increased their diversification into alternative and industrial asset classes, seeking to spread risk where opportunities with sufficiently strong fundamentals present.
- 4.2.5. It is important to note that this diversification will continue as the funds mature and seek a total return approach rather than immediate short term income.
- 4.2.6. Purchases continue to focus on the South East market, where market foundations remain strong. Acquisitions have been spread across regional centres.
- 4.2.7. The key considerations underpinning the recent acquisitions has been similar to the 2018-2019 market commentary and a key update is provided below on the relevant sectors:

1. Offices

Office markets remain strong but investment volumes are lower than last year due to a shortage of stock, making office investments an attractive investment. Offices have been considered to be the least volatile investment sector so it is not unexpected that both Councils are heavily weighted towards office within the portfolios.

Looking to 2020 office occupier markets are likely to continue to perform well across the UK despite ongoing political background noise. Demand will be driven by a wide range of sectors including professional services and the public sector. On the capital markets side, yield compression is possible during 2020 if uncertainty dissipates.

2. Retail

Retail properties have continued to present high volatility rates and other than food retail acquisitions and those more historic retail acquisitions which benefit longer term regeneration aims of the Councils in borough, the Councils have typically sought to avoid retail due to the higher risk of these investments.

It is anticipated that there will be continued structural change in UK retail in 2020. Performance will be strongest in London and the surrounding key urban locations while polarisation of assets will see prime retail outperform the rest. Repurposing of assets will be the key trend in 2020, converting excess retail space to create mixed-use destination schemes.

3. Industrial

Industrial investments remain highly sought after for strong stock, often pushing yields for prime assets significantly below 5%. The Councils have invested into this sector seeking to balance risk with return on stock close to this yield but in more regional centres where market fundamentals for the asset remain good.

It is expected that rental growth will continue although at a lower rate than we have seen recently. Industrial investments will remain competitively priced due to continued demand for industrial space, particularly in relation to last mile distribution linked to online retail. The Councils will remain alert to opportunities, although these are expected to be relatively limited in comparison with office and retail.

4. Alternatives

The Councils have added alternative investments to the funds, acquiring long index linked income to strong covenants. Owing to the attractiveness of such investments within the market, tighter yields reduce the net return for the Councils, but by seeking to purchase strong covenants, investments are de-risked significantly in comparison to retail/industrial.

It is likely that 2020 will continue to present uncertainty so competition for such investments is likely to remain high. The Councils should seek further alternative sector investments to diversify risk across the funds.

4.3. Fund Size

- 4.3.1. The decision to increase the fund size in the 2019 strategy provided means that the current un-spent capital after all costs of acquisitions are taken into account is as follows:

Adur: Circa £37m

Worthing: £48m

- 4.3.2. The overall fund size of £125m per council is relatively small within the context of wider commercial property investment funds. Risks presented by smaller funds include lower diversity and increased volatility as they are inherently exposed across the total return to a smaller number of assets.
- 4.3.3. Proposals to increase this fund size beyond £250m would potentially provide greater flexibility from an asset management approach as the fund seeks a total return approach and provide capacity to protect revenue generation when seeking to re-evaluate and reposition existing purchases, maintaining essential income requirements.
- 4.3.4. Proposals to increase the fund size will provide greater resilience and market movements and risk, de-risking this from short term fluctuations.
- 4.3.5. The proposal to consider an increase in both funds to a total fund value of £350m will enable the Councils to not only increase overall net revenue returns to Council budgets annually, but also benefit from de-risking the fund exposure through increased diversification and economies of scale.
- 4.3.6. Proposals to increase the overall fund size do not impact the fundamental decision making process but in order to benefit from the increased fund size coupled with challenges presented within fluctuations within the Public Works Loan Board lending, it is recommended that the average lot size be increased from £5m-£15m to £10m-£20m.
- 4.3.7. With this being an average lot size, the Councils will continue to evaluate opportunities higher and lower than these costs in line with the evaluation criteria to ensure that opportunities of interest and benefit to the Councils are not unduly ruled out.
- 4.3.8. This will enable Councils to seek to invest in higher quality assets (lower yielding) but with a larger lot size will limit the impact of lower yielding assets on surplus revenue, maintaining income levels.
- 4.3.9. Considering an Increase to the overall fund size and increasing the average lot size will provide continued opportunity for the Councils to judiciously invest with commercial property to provide a continued revenue stream for the Councils' services.

4.4. Resources and Capacity

- 4.4.1. During 2019-2020 there has been significant personnel change within the Property and Investment Team, but notwithstanding this excellent progress has been made on delivering the Commercial Property Investment Strategy.
- 4.4.2. Progress has also been made on the appointment of a firm of chartered surveyors to undertake the day-to-day management of the portfolio. The Councils' have procured Savills, a FTSE250 RICS regulated property firm with over 130 offices across the uk and 39,000 employees globally.
- 4.4.3. Officers have also compiled a 'Commercial Property Investment Officer' Job Description which is just to be evaluated in February. This additional role was approved as part of the 2019/20 budget and will provide some of the additional capacity required to manage a portfolio of this size. This was following recommendations in the 2018 JSC report. To date this work has been undertaken by appointed specialist consultants to ensure appropriate resource levels have been provided for prudent management of the fund.
- 4.4.4. As part of the development of the 2020/21 Revenue budget, an additional role of Asset Portfolio Manager has been recommended for approval. Following the recruitment of the Commercial Property Investment Officer, a further Job Description will be compiled and recruited to for an 'Asset Portfolio Manager' to lead on asset management and strategy for the portfolios. This was recommended in the March 2019 report and work is ongoing on this.
- 4.4.5. The property and Investment team will continue to engage specialist consultants where required and appropriate and subscriptions maintained for specialist property software/data to ensure the Councils are well informed in delivery of the Commercial Property Investment strategy.
- 4.4.6. The Property and Investment team will also continue to maintain relevant CPD requirements for the RICS, seeking to develop trainees/apprentices through their Assessment of Professional Competence and for more senior officers to develop specialist skills to supplement the service delivery.

4.5. Future Fund Direction and Update to Commercial Property Investment Strategy

- 4.5.1. The current weighting of the portfolio into the varying asset classes has improved in diversification from previous years as the funds have started to

mature with a larger number of assets within each fund. It is anticipated that this will continue although until the fund is full it is to be expected to have periods of imbalance whilst further properties are acquired or repositioned.

- 4.5.2. Owing to market uncertainties, it is unlikely that the funds will seek to meet their target percentage of retail stock as it is not clear if the retail investment market will meet the investment criteria of the Councils. The SPIF has therefore been updated to reduce the target retail percentage to 15% but to increase the office investment percentage to 35%.
- 4.5.3. This move away from retail within the strategy should be viewed in the light of exploring retail investments that present strategic opportunities or for foodstore investment.
- 4.5.4. The funds continue to invest within the office market but security of investment must continue to be balanced with fund diversity, consideration will need to be actively seeking to maintain the alternative investments within the funds (Hotels, Car Parks, Leisure etc) as a higher priority than previous years.
- 4.5.5. The Councils should remain reactive to opportunities that present themselves for additional Council benefit - e.g. where there is the option for site assembly with adjoining properties, longer term regeneration opportunities or other potential windfall acquisitions.
- 4.5.6. Acquisition should also be considered for portfolio acquisitions where the investment opportunity meets the Council's KPI to invest but the fund would need to acquire a number of assets. This can potentially mean acquiring a number of units as part of a single transaction, which may be considered to exceed the average lot size for a single purchase, however individual lots are likely to meet the average size requirements. This is a means to deploy capital in a potentially more efficient manner that generates greater return and opportunities for the Councils.
- 4.5.7. The Councils move their funds to a total return fund rather than seeking immediate revenue return. A focus on both revenue return over costs should now be considered along with capital growth of the asset to take into account the capital appreciation. This may mean the council takes lower initial returns on more secure assets, de-risking the portfolio but also providing opportunity for capital growth. This will mean that the target return 2% after borrowing costs may need to be lowered, although the strategy already allows for lower returns on portfolio fit and viable business case.

- 4.5.8. As the Councils move to a total return approach to re-classify opportunities into 'Core', 'Added Value' and 'Opportunistic'.
- 4.5.9. That the funds seek to proactively seek value add opportunities with the portfolio but also undertake a risk review and engage tenants where appropriate to protect and grow revenue and capital values from the investments.
- 4.5.10. There is also scope due to the financial performance to adopt an appetite for assets with 7%-8% yields, perhaps where there are more regional opportunities that are well let that can improve flexibility within the fund but also to improve the running yield for asset management purposes within the opportunistic category above.
- 4.5.11. To undertake the whole portfolio review on an asset by asset basis and bring a further report back to members with the findings and with individual property recommendations to September JSC.

4.6. Statutory Guidance:

- 4.6.1. When investing in property, local authorities must comply with statutory guidance. This includes two codes of practice (Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and The Prudential Code for Capital Finance in Local Authorities) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), in addition to, the Ministry for Housing Communities and Local Government (MHCLG) February 2018 publication, "Statutory Guidance on Local Authority Investment Activity". Copies of this guidance are attached to the CPIS 2019/20, for which there is a link under background documents at the end of this report.
- 4.6.2. This statutory guidance on investment strategy includes requirements for councils to: -
- prepare an annual Investment Strategy which must be approved before the start of the forthcoming financial year by the full Council, or its closest equivalent.
 - ideally present the Strategy prior to the start of the financial year.
 - ensure the Strategy is publicly available on a local authority's website.
 - disclose the contribution that all other investments make towards the service delivery objectives and/or place making role of that local authority.

- include quantitative indicators within the strategy, that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. This should include how investments are funded and the rate of return.

The investment strategy must include:

- i) details of the processes used to ensure effective due diligence, defining the authority's risk appetite, including proportionality in respect of overall resources.
- ii) qualify independent and expert advice and scrutiny arrangements.
- iii) disclose the contribution that investments make "towards the service delivery objectives and/or place making role of the local authority".
- iv) propose indicators that enable councillors and the public to assess the authority's investments and the decisions taken.

- The investment guidance is clear that Councils may not "borrow in advance of need" to profit from the investment of the sums borrowed. The definition of investment has recently been extended to include investment in property and the granting of loans to third parties.

- In recognition of the importance of commercial income to councils at a time when government funding is steeply declining, a council can choose to disregard the Prudential Code and this part of the guidance. In this case, its investment strategy should set out why this is the case and what the council's relevant policies are.

4.6.3. The implications of the guidance are that in future, the Councils will need to have at least one Investment Strategy ("the Strategy") that meets all the disclosures and reporting requirements specified in the statutory guidance.

4.6.4. For Adur and Worthing Councils, there will be two separate elements to the Strategy:

- i) The annual treasury management investment strategy which covers all cash investments.
- ii) The annual SPIF Commercial Property Investment Strategy covers the Councils' approach to property investment.

The annual Treasury Management Investment Strategy is also being brought to the March Council. This Treasury Management Investment Strategy and

the Commercial Property Investment Strategy 2020/21, which is attached as **Appendix 1**, provide evaluation criteria for the assessment of investment opportunities, risk profiling, evaluation, resourcing and monitoring, accounting for the statutory guidance.

4.7. Investment Evaluation Process

- 4.7.1. Prospective investment opportunities are reported by suitably qualified and experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professionals, in a risk matrix (Appendix 3). This risk matrix provides analysis of a set of key criteria against which every prospective purchase is evaluated. The presentation of information highlights fundamental matters such as tenant covenant strength, lease length and location, in a transparent and consistent format, to support clear scrutiny and decisions.
- 4.7.2. The risk matrix provides a basis for scoring and weighting risk, to support the analysis of potential acquisitions and qualify overall suitability for inclusion in the portfolio. A minimum score threshold is set, below which it is not recommended to proceed unless there are significant unforeseen factors that require consideration, to include additional regeneration opportunities for the Council, land assembly opportunities or other circumstances that can be suitably justified in the round consideration of potential acquisition.
- 4.7.3. The score threshold is not an absolute, but set to guide decisions, reflecting the Fund Structure objectives, as detailed in the Commercial Property Investment Strategy (Appendix 1), which assumes a low risk profile. The process is further supported by the inclusion of a Strength, Weakness, Opportunities, and Threats analysis (SWOT).
- 4.7.4. To ensure arms-length objectivity and scrutiny, external agents and consultants provide professional market analysis, specialist data and advice, to support the evaluation and internal reporting process.
- 4.7.5. Since tenant default is a significant threat to the performance of the property investment fund, in-house reports are undertaken by Credit Safe and/or Dun and Bradstreet, providing an assessment of tenant covenant strength and financial resilience. This is augmented by additional internal assessment of the tenants' covenant and likely future performance, including seeking additional information, where relevant.

- 4.7.6. If a decision is made to proceed, in-house surveyors lead negotiations, via the introducing/retained external agents, who are professional property firms with relevant market specialism.
- 4.7.7. To ensure independent and expert advice and scrutiny, all pre-sale technical due diligence is undertaken by arms-length external professional advisors, including as required: -
- i) A valuation, in accordance with the RICS Red Book, Professional Valuation Standards, issued by the RICS as part of their commitment to promoting and supporting high standards in valuation delivery worldwide. The publication details mandatory practices for RICS members undertaking valuation services.
 - ii) A Building Survey report, as part of the proposed purchase for investment purposes, including preparation of a Site Environmental Assessment and preparation of a Reinstatement Cost Assessment for insurance purposes.
 - iii) Environmental, services and any further surveys/Technical Due Diligence required to qualify the investment.
 - iv) Specialist investment market advice, including, as required, occupational market context and financial modelling to qualify and forecast prospective investment performance.
- 4.7.8. The above is reviewed by the Property and Investment Manager as an experienced in-house MRICS (Member of the Royal Institute of Chartered Surveyors) professional, with support from the internal multi-disciplinary property teams, for final decision by the Head of Investment and Major Projects, on whether to proceed.
- 4.7.9. The professional team including the Head of Major Projects and Investment receives regular updates on market activity, trends, forecasts and occupier activity from RICS firms and in-house surveyors to support the decision process. In addition, it is also recommended that all members and officers involved in the decision process are provided with annual updates on the commercial investment market, including occupier activity and trends and maintain up to date qualifications and continuing professional development.

- 4.7.10. A separate paper will be presented in due course, detailing a proposal for a disposals strategy if required, as part of the whole fund annual review after year end.
- 4.7.11. It is also anticipated that further papers to adopt an asset management plan for the general fund will be brought forward in the coming year which will inform the future of the councils' historic estate.
- 4.7.12.
- 4.7.13. This will present opportunities for capital generation for projects but also to reduce the debt levels across the investment portfolio as the councils seek to include equity into the investment process, leading to better overall returns.

4.8. Property Investment Governance

- 4.8.1. Clear, robust and transparent governance is critical to the strategy, meeting the statutory guidance and ensuring an appropriate level of due diligence and scrutiny is applied, together with objective arms-length external advice where appropriate. It is also important to ensure any decision process retains fluidity, so officers are empowered to respond promptly and competitively, to investment opportunities in the market and avoid missing opportunities through delay.
- 4.8.2. The current Scheme of Delegations provides that the authority to acquire or dispose of land, is vested in the Head of Major Projects and Investment, and where the land is purchased through the Strategic Investment Fund, the delegation is only exercisable in consultation with the relevant Leader, Executive Member for Resources and the Chief Financial Officer.
- 4.8.3. It is proposed that a formalised staged governance approach is adopted in relation to Strategic Property Investment Fund (SPIF) purchases, as follows:

Stage 1

Asset Portfolio Manager/investment surveyor identifies suitable opportunity in the market, having undertaken appropriate investigative and due diligence assessment, in accordance with the above "Investment Evaluation Process".

Stage 2

The opportunity is reported in writing, with all supporting information as detailed in the "Investment Evaluation Process", to the Head of Major Projects and Investment, in consultation with the Chief Financial Officer/s151 officer, notifying the Head of Legal Services, Director for the Economy and Chief Executive.

The report will include: -

1. A risk matrix and SWOT analysis
2. A financial appraisal
3. A summary of the investment, including a request for authority to bind the Council to a range of terms and indicating an acceptable price point for acquisition.

If the proposal is supported, the potential acquisition will progress to Stage 3.

Stage 3

The Property and Investment Manager will progress negotiations, seeking to formally agree Heads of Terms with the vendor, including price and basis/terms of acquisition. If negotiations lead to the agreement of acceptable terms, final approval to proceed will be sought in accordance with Stage 4.

Stage 4

A recommendation will be reported in writing to the Head of Major Projects and Investment. In making any decision to purchase, the Head of Major Projects and Investment will carry out a consultation, as provided for in the Scheme of Officer Delegations, with the relevant Council Leader, Executive Member for Resources and Chief Financial Officer.

- 4.8.4. The relevant Council for any acquisition will be determined, applying the principles in the Investment Strategy (Appendix 1) in relation to financial resilience and risk diversification requirements, to support the development of balanced portfolios.
- 4.8.5. Subject to approval, written authority to proceed, will be provided by the Head of Major Projects and Investment to the Property and Investment Manager, who will then seek to acquire the asset, which will be subject to an external Red Book valuation, building and other necessary surveys and legal reports and conveyancing, providing pre-acquisition due diligence.
- 4.8.6. A decision notice will be completed and published in accordance with the Officer Decision Making Protocol, and such decisions will be subject to the call-in provisions.

Stage 5

- 4.8.7. Completed purchases will be reported as part of the Annual Review, or following year's Commercial Property Investment Strategy to JSC.

4.8.8. Should any proposal to purchase prove abortive, this will also be reported to in line with 4.8.7 above.

4.9. Risk Management

4.9.1. Property investment will necessitate exposure to risk, whereby the total invested can exceed the current Market Value. Prices are prone to fluctuation, particularly due to changes in the locality, the general economic outlook, or asset specific risks, such as tenant failure. Furthermore, property investment is relatively illiquid, requiring a longer term approach. In the event of a market crash, property is much less liquid than other assets and can be hard to sell.

4.9.2. The Councils' exposure to risk equates to the total amount of capital invested, plus financing costs (such as interest due on loans), property operational running costs (management, vacant business rates, service charges, professional fees etc.) and legislative compliance. The Councils' risk quantum will be defined as this total exposure, less the value of held assets.

4.9.3. Whilst risk is a natural, necessary, part of investment that cannot be eliminated, it can be proactively managed.

4.9.4. Larger investment funds have greater overall exposure but tend to be better insulated to market fluctuations where they comprise of a diverse mix of strong performing assets.

4.9.5. The Property Investment Strategy is built upon a series of conventional measures to manage risk, reflecting the key objective:

“To adopt a structured and measured approach to property income generation, pro-actively managing the risk inherent to investment, creating a balanced portfolio delivering long term sustainable income, for the purpose of supporting the continued provision of Council Services.”

4.9.6. The Investment Strategy (Appendix 1) Fund Objectives and Fund Policy build upon this key objective, providing a series of controls to direct the Investment Strategy towards a prudent low risk fund with a cautious perspective on investment, limiting exposure to unnecessary capital risk, whilst generating a return.

- 4.9.7. Financing property investments is based upon utilising reserves, capital receipts and borrowing. Borrowing is currently available with fixed interest for the duration of any loan, via the Public Works Loan Board funding, mitigating the risk associated with exposure to interest rate fluctuations.
- 4.9.8. The Minimum Revenue Provision Policy (part of the treasury management strategy statement) details the Council's position and deals with the Minimum Revenue Provision (MRP) that must be made to mitigate that risk. The MRP is the amount the Councils must set aside each year from the annual revenue budget for the repayment of debt.
- 4.9.9. The Commercial Property Investment Strategy (Appendix 1) Financial Resilience section details a series of measures to guide decisions, based around spreading capital across a variety of asset classes, locations and sectors. This diversification reduces the risks of exposure to a single asset, tenant, or market failure.
- 4.9.10. Funds that are excessively concentrated in one particular sector or region increase risk, whilst a good spread of properties across retail, office alternative and industrial diversify sector-specific risks and varying the locality, reduces local market risk.
- 4.9.11. The average property size is a measure to ensure the fund does not only hold a very small number of large properties, which increases risk, such as a single large tenant failing. As the fund seeks to purchase more lower risk properties, to maintain the net revenue to the council after borrowing costs (as you would receive from higher risk properties) it has been recommended to increase the average lot size by £5m to account for this and for single lots where there is more than one tenant.
- 4.9.12. The Council's exposure to investment risk can also be profiled by defining the acceptable parameters. The Commercial Property Investment Strategy (Appendix 1) Fund Structure details a series of different segments that provide a basis for dividing commercial property investments, based upon their position at differing points on a risk v return spectrum.
- 4.9.13. The fund has been structured to include some allocation toward more risk exposed investment. This will enable the fund to respond fluidly, should a suitable opportunity arise, particularly where there is an opportunity for socio-economic benefits to residents, repurposing or re-gearing assets, to generate income. The proposed Commercial Property Investment Strategy distribution of purchases across the three categories (core, value add and

opportunistic) is weighted heavily towards lower risk assets. This reflects the Commercial Property Investment Strategy (Appendix 1) Fund Objectives and Fund Policy targets to adhere to a cautious perspective on investment, generating a return, whilst, insofar as possible, limiting exposure to unnecessary capital risk.

- 4.9.14. The ability to vary the distribution of purchases between each of the above three categories, is a common portfolio investment tool. This provides flexibility to respond fluidly to opportunities and changes in the economy, market climate and differing performance across asset classes, as the fund evolves. Such agility is key to maximising operational efficiencies.
- 4.9.15. The proposed portfolio weighting offers a lower return, which reduces overall exposure to invested capital risk. This portfolio profile favours acquiring premises leased to strong covenant tenants in established markets, which are typically more attractive to investors, thus easier to sell if required, when compared to higher risk investments.
- 4.9.16. Whilst acquiring properties offering higher returns may appear attractive, the additional yield typically reflects higher risks such as tenant default, low liquidity, obsolescence and market risk. These increase the prospect of the investment generating an income and capital loss.
- 4.9.17. The Commercial Property Investment Fund Annual Asset Review will consider a series of measures to provide detailed analysis of investment performance. This is to ensure detailed periodic arms-length objective monitoring is undertaken, using conventional measures, as a means to identify any emerging hazards or opportunities. This will support proactive management, which is key to driving a successful strategy and managing risk.

4.10. Annual Performance Monitoring

- 4.10.1. Active management of the portfolio is key to proactively maintain the buildings to maximise value and monitor occupiers. Tenant covenant strength, compliance with lease obligations, such as repair and maintenance, management of the payment of rent and service charge needs to be actively managed. External Managing Agents (Savills) have been appointed and the proposed recruitment of the Property Investment Surveyor is underway and due to be advertised prior to year end. This post will support the Investment Strategy Annual Review and future asset management of the fund

4.10.2. In addition to ongoing monitoring, the Commercial Property Investment Strategy (Appendix 1) details a series of measures to undertake a comprehensive annual re-evaluation, including detailed assessment of key performance indicators, to quantify, monitor and benchmark the portfolio operation and strategic direction.

4.11. **Scope of Investment**

4.12. A holistic approach to property income generation will be undertaken. In addition to acquiring investment property, the Councils are already successful commercial landlords and will build upon this: -

4.13. Retaining existing assets where appropriate, to generate income, investing where necessary to enhance returns.

4.14. Re-evaluate the existing property portfolio to identify opportunities to maximise the financial benefit through the implementation of a new Asset Management Plan and relevant portfolio review/disposal programme .

4.15. The Property and Investment Manager/Investment Surveyor will review the existing portfolio and report any of the existing property portfolio that fit the investment criteria, recommending transfer into the Property Investment Fund, whereby they will be funded and managed with an express focus upon income generation. This will support a more tailored approach for relevant premises that is proactive and focussed solely upon income, as opposed to wider socio-economics drivers, that apply to the existing estate.

4.16. The Property and Investment Manager/Investment Surveyor will review the existing Commercial Property Investment fund and report any of the existing investment property fund that do not fit the investment criteria, recommending transfer into the general Commercial Property Portfolio, whereby the sites can be managed in accordance with less strict KPIs on income generation and capital appreciation, but can be used to support a more tailored approach to economic regeneration, placemaking and other socio-economics drivers, that similarly apply to the existing estate.

4.17. Any capital return generated from the investment fund, will be ring fenced for future property investment, after deduction of financing costs and professional fees.

4.18. To undertake a Commercial Property Investment Fund Annual Asset Review and further reporting should this highlight opportunities to dispose of assets

which will then be subject to a separate reporting process. This annual review will be presented to JSC in September 2020

4.19. Corporate Implications

4.20. If the Councils had not taken the decision to invest, this would have led to an overall reduction in the capacity of the Councils to deliver, with cuts in services, particularly those we are not under a statutory duty to deliver.

4.21. The additional income delivered from SPIF investments, has contributed to the delivery of a more robust and sustainable Revenue Budget for 2020/21 and the delivery of the budget strategy.

4.22. As part of this initiative, the councils will inevitably be taking on more risk. Consequently, a robust risk management strategy has been adopted to cover both acquiring property and managing the portfolio for the future, to ensure that there is sufficient revenue income, to repay the debts the councils are acquiring and to continue to contribute to the councils' financial health.

5. Engagement and Communication

5.1. This report builds upon the previous Commercial Property Investment Strategy Report 2019/20, taken to JSC in March 2019.

5.2. Consultations have taken place with legal and finance and their comments are contained within.

6. Financial Implications

6.1. The Councils have over the past few years addressed significant budget shortfalls. The investment in commercial property has enabled the Councils to protect front line services, address falling income from Government Grants, and increase the level of spend in areas such as Housing Need.

	2017/18	2018/19	2019/20	2020/21
Adur				
Level of annual savings	£1,089,000	£1,333,000	£757,000	£1,379,000
Net new annual income from new commercial property	£100,000	£493,000	£200,000	£400,000
% of savings from commercial property income	9.18%	36.98%	26.42%	29.01%
Worthing				
Level of annual savings	£1,669,000	£1,853,000	£1,367,000	£2,483,000
Net new annual income from new commercial property	£200,000	£420,000	£150,000	£400,000
% of savings from commercial property income	11.98%	22.67%	10.97%	16.11%

- 6.2. Looking ahead, this investment continues to be an important strand of the budget strategy, helping balance the budget as the Councils continue to address significant financial challenges.
- 6.3. The Councils have already approved an overall investment of £125m per Council which was allocated as follows:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Adur		11,579	26,532	49,868	37,020
Worthing	3,472	9,464	26,697	50,304	47,999
Total	3,472	21,043	53,229	100,172	85,019

- 6.4. The Executive Member for Resources can approve an accelerated spend in any given year subject to the provision of a business case to justify a higher level of spend.
- 6.5. Following successful investment activities this financial year and in order to continue to provide revenue support to meet the savings required under the MTFs, as well as to be able to react to opportunities within the market, this report recommends reviewing the overall fund size with the intention to increase the amount invested to £175m per council but retaining the annual

limit of £50m per year. This will be addressed more fully in the capital strategy due to be considered in July 2020.

- 6.6. It is recommended where possible the Councils continue to seek to retain an average of 20% of the rental income towards future expenditure on repairs, refurbishment, lettings incentives, and void periods. To achieve this the Council will take three measures:
- i) A regular contribution to earmarked reserves is to be created over the next 5 years to equate to 10 - 20% of annual rental income;
 - ii) Any over-achievement against the commercial income budget set will be placed into earmarked reserves at the year end;
 - iii) Where commercial properties are disposed of, all the surplus income in excess of any associated debt and the original purchase price, will be placed into a specific reserve for future capital reserve requirements. In the short term, this reflects the need to build reserves. In the medium term, it is envisaged these funds could also be released for reinvestment into the portfolios.

7. Legal Implications

- 7.1. S.111 Local Government Act 1972 provides Councils with the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.”
- 7.2. Section 120 (1) Local Government Act 1972 provides the Council with the power to acquire land, whether inside their area or not, for the benefit, improvement or development of their area. Section 1 Local Government Act 2003 enables the Councils to borrow money for the purpose of the prudent management of its financial affairs. Section 12 Local Government Act 2003 empowers the Councils to invest for the purposes of the prudent management of its financial affairs.
- 7.3. s.1 of the Localism Act 2011 provides the Councils with the general power of competence to do anything that an individual may do.
- 7.4. The Scheme of Officer Delegations includes the following delegation to the Head of Major Projects and Investment at paragraph 3.13.2: “To acquire land in connection with the Council’s functions and to take leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the

Council's functions. (Where acquisition of land is purchased through the Strategic Investment Fund, the delegation is to be exercised in consultation with the Leader, Executive Member for Resources and the Chief Financial Officer).

- 7.5. The Officer Decision Making Protocol in each Council's Constitution provides a procedure for giving notice of key decisions, Officer Decision making, the publication of Decision Notices, and the procedure for Call-In of such decisions.
- 7.6. Any decisions made to acquire under the Strategic Investment Strategy are subject to scrutiny by the Council's Joint Overview and Scrutiny Committee in accordance with the Joint Overview and Scrutiny Procedure Rules in each Council's Constitutions.

Background Papers

- March 2019 JSC report
 - Strategic Property investment Fund 2019 (SPIF)
 - The Commercial Property Investment Strategy (CPIS 2019-2020)
- Platforms for our places
- Ministry for Housing Communities and Local Government (MHCLG) February 2018 publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
- The Prudential Code for Capital Finances In Local Authorities
- The Chartered Institute of Public Finance and Accountancy: Prudential Property Investment

Officer Contact Details:-

Robert Crossan

Property and Investment Manager

07795 856195

Robert.crossan@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- This proposal continues the implementation of the council's capital and Medium Term Financial Strategy to generate additional revenue for the funding of council services

2. Social

2.1 Social Value

- Matter Considered, no issues identified

2.2 Equality Issues

- Matter Considered, no issues identified

2.3 Community Safety Issues (Section 17)

- Matter Considered, no issues identified

2.4 Human Rights Issues

- Matter Considered, no issues identified

3. Environmental

- Matter Considered, no issues identified

4. Governance

- This aligns with the council's capital strategy. Investment in good quality commercial property to produce additional revenue is part of a combined strategy in the councils' approved budget strategy

Appendix 1

Commercial Property Investment Strategy:

THE COMMERCIAL

PROPERTY INVESTMENT

STRATEGY 2020-2021

Contents

1. Objectives
2. Fund Policy
3. Financial Resilience
4. Fund Structure
5. Purchase Guidelines
6. Annual Review

The Property Investment Strategy

1. Objectives

The key objective:-

“To adopt a structured and measured approach to property income generation, pro-actively managing the risk inherent to investment, creating a balanced portfolio delivering long term sustainable income, for the purpose of supporting the continued provision of Council Services.”

This key objective will be delivered through the application of the following principles: -

- ❖ To invest in commercial property to generate a sustainable income, with clear margins exceeding the cost of capital and borrowing.
- ❖ To build financial resilience through the creation of a diverse portfolio to balance risk and return.
- ❖ To acquire established commercial properties generating an immediate stable income and preserve capital (notwithstanding market changes).
- ❖ Supporting economic growth within the District and Borough, where suitable opportunities arise, provided the return covers the costs of an associated financing.
- ❖ Re-evaluate the existing property portfolio to maximise the financial benefit.
- ❖ Retain the existing property portfolio, where appropriate to maximise long term revenue generation.

The Property Investment Strategy

2. Fund Policy

- ❖ Retain existing assets where appropriate, to generate income, investing where necessary to enhance returns.
- ❖ Review the benefits of an investment vehicle, such as a holding company, to retain acquired assets.
- ❖ Capital receipts from the sale of Strategic Property Investment Fund (SPIF), or other council properties, to be considered for: -
 - Reinvestment in SPIF, to sustain income generation and maximise opportunities
 - Repayment of capital borrowing to improve the return on existing assets.
- ❖ Allocation of new purchases between Adur and Worthing Portfolios, to be recommended in consideration of fund diversification risk management.
- ❖ We will not engage with occupiers who may present a significant unmitigated reputational risk.


The Property Investment Strategy

3. Financial Resilience

We will always undertake thorough due diligence to ensure risks associated with any proposed acquisition are understood and mitigated.

The following table details a series of guiding principles, employing conventional measures that are intended to assist decisions to create a balanced portfolio, by providing a basis to manage risk through diversification.

Risk Diversification		
Geographical Diversification	Maximum of 30% of the Target Fund size is invested in any single town.	Given the size of the funds, initially concentrating on outer London and the wider South East area, with consideration given to wider geographical diversification, as the funds grow and approach their target sizes.
Asset Class/Sector Mix	Industrial/Warehouses 25% Offices 35% Retail 15% Alternatives 25% (e.g. car parking)	To ensure a spread of risks, acquisition across office, retail and industrial sectors. As the fund grows,, the portfolios will be heavily weighted into certain sectors and classes, driven by opportunities and market performance. It is expected weightings will progress towards targets as the portfolio matures in the longer term.
Average Property Size	Guide Size c.£10-20m	Assuming a combined fund size of £250M, this will support a spread of investments. Acquisition outside the guide sizes will be considered where they offer a good return, support diversity and do not create over exposure to a large single tenant/asset but also facilitate larger multi-let properties.
Leases Expiring within 5 years	Maximum 30%	Spread and diversity sought in future lease expiries across acquisitions to protect revenue streams
Target Return	A return exceeding the cost of borrowing	Initial return exceeding the cost of borrowing, preferably by 2%. Lower returns considered if there is a viable business case/portfolio fit or for lower risk investments
Target Fund Size	£250M	In order to make a meaningful contribution to the financial challenge, the Councils has agreed to build a portfolio that will generate an initial yield of at least 5%. Potential increase this fund size to be considered in July Capital Strategy.
Capital Expenditure Allowance	20% of the rental income	Held in a fund to support future management and Capital Expenditure for the portfolio, such as voids, maintenance and/or refurbishment. Surplus income will be set aside into a revenue account and capacity within the annual revenue budget to support this will be built over the next 3 financial years.

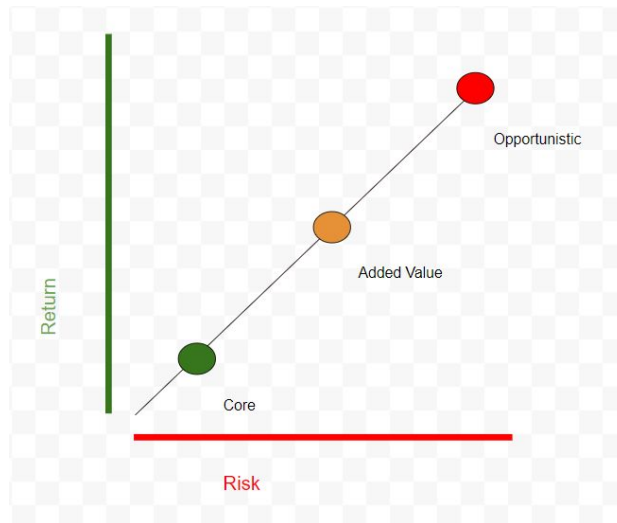


It is important to acknowledge that the above principles are ongoing long term objectives and attaining balance will progress as the fund matures.

The Property Investment Strategy

4. Fund Structure

Commercial property investments can be divided into different segments, based upon their position at differing points on the risk v return spectrum.



The following guideline Fund Structure is the basis of investment, adopting a prudent, income focused, strategy: -

	%	
Core	65% (+/- 10%)	Modern, or extensively refurbished buildings, fully let on long leases to good covenant tenants in major core markets.
Value Add	Max 25% (+/- 10%)	Single or multi-let buildings, with various lease lengths and tenant covenants. Opportunity to add value.
Opportunistic	Max 10%	Higher risk assets that can be repurposed to generate income.

The Property Investment Strategy

5. Purchase Guidelines

- ❖ Target area UK wide, with focus upon the South East.
- ❖ Commercial real estate.
- ❖ Freehold, or long leasehold nominal rent purchases.
- ❖ Income producing properties, leased on conventional terms, secured against good covenant tenants.

Property Investment Strategy – Property Investment Portfolio Management

6. Annual Review

To monitor performance and ensure proactive risk and opportunity management, the Annual Review will consider: -

Portfolio

- ❖ Market update on activity and forecasts to identify any re-purposing of any asset(s)
- ❖ Ongoing review of the current investment strategy
- ❖ An external market valuation of the portfolio to monitor and benchmark performance, meeting financial requirements.
- ❖ An updated three -year cash flow forecast
- ❖ An update of three-year capital expenditure forecast
- ❖ A review of retain, sale, repurpose or re-gear of each asset
- ❖ Review of the previous year's performance including any (Key Performance Indicators) KPIs
- ❖ Review of the underlying lifecycle of the asset, holding period and refurbishment expectations.

Asset Management

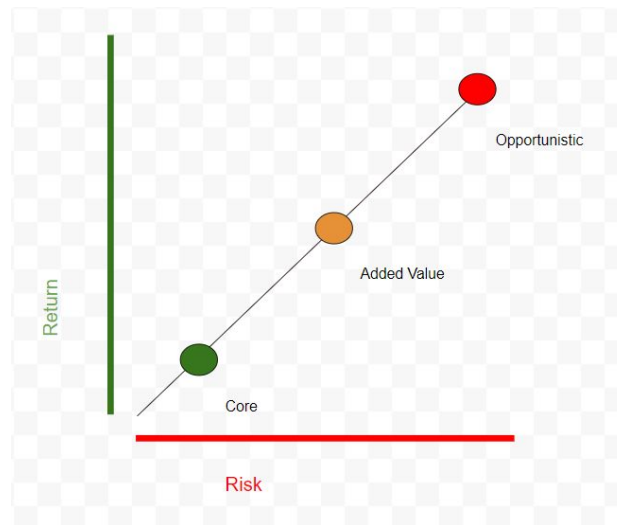
- ❖ Rent collection rates, arrears and service charge reconciliation.
- ❖ Advise on all critical lease matters including rent reviews, lease renewals, lease breaks and re-gearing opportunities.
- ❖ Dilapidations, health and safety and insurance claims.
- ❖ Capital expenditure over the preceding 12-month period.
- ❖ Tenant covenant strength monitoring report.
- ❖ Tenant compliance with lease terms and any default, or issue.

THE PROPERTY INVESTMENT

STRATEGY

FUND STRUCTURE

Different fund structure segments provide a basis for dividing commercial property investments, based upon their risk profile, as illustrated in the below table.



These segments can be defined as follows: -

Core investments: - comprise the bedrock of a diversified portfolio and present minimum risk, being the least risky investment segment. Typically they comprise fully leased, secure investments to strong covenant tenants, in urban locations/markets that tend towards strong demand.

Attractive for the lower level of risk they provide compared to other investment types, which is reflected in the lower yield when compared to more risky property investments.

Typical property characteristics: -

- subject to long leases to strong covenant tenants on fully repairing terms.
- buildings are typically modern, in good repair and condition.
- the buildings have reduced depreciation and obsolescence, providing a stable relatively predictable income.

This type of investment suits investors who seek capital preservation and long hold periods. This type of investment is typically the most liquid, on the basis they are generally attractive, marketable assets when compared to the following segments.

Added Value: - More risky investments reflected in the potential for higher return by increasing property value.

Typical Property Characteristics: -

- single let, or multi let, with varying tenant covenants
- Opportunities to improve buildings.
- Fairly liquid in a stable market.
- Potentially vacant, partially vacant, or close to lease expiries, creating opportunities to make improvements.
- Opportunities to increase value could include physical improvements, such as refurbishment, or re-development, letting vacant space to stronger covenant tenants on more investor attractive terms, lowering operating expenses.

These properties carry more risk due to the property not operating to its full potential when acquired, commonly with less secure income. If the business plan to increase value does not succeed, a tenant fails, or vacates, there is potential for reduced return, or losses.

Opportunistic: - similar approach to value add, with additional risk due to property typically requiring substantive work to increase value.

Typical property characteristics: -

- Part of fully vacant when acquired.
- No income when acquired, with ongoing vacant running costs.
- Typically distressed property, requiring substantial investment.
- These properties are considered high risk, with failure of a business plan typically resulting in financial losses.

Appendix 2

Summary of April 2019 - Jan 2020 Purchases:

	Adur	Worthing	Combined
Income Target			
Net Income Target	-£2,728,010	-£3,229,040	-£5,957,050
Net Income Target position	-£3,543,017	-£3,882,659	-£7,425,676
Target Delivered to date	£815,007	£653,619	£1,468,626
Purchases			
Completed excl Purchases costs as at Jan 2020	£40,850,000	£48,000,000	
Prev Years	£35,910,000	£37,170,999	
Sub Total			
Committed future expenditure (Under Offer)	nil	nil	
Committed future expenditure (Exchanged)	nil	nil	
Total	£76,760,000	£85,170,999	
NET INCOME (pa after finance costs)			
2019-2020	£741,187	£866,447	
Previous Years	£809,497	£868,304	
Total	£1,550,684	£1,734,751	

Adur	Address	Description	Tenure	Passing Rent PA	Purchase Price	Purchase Date	Gross Yield	Net Yield (purchase costs deducted @ 6.5%)	Net Income (PA after finance costs)	Tenant
	Eskan Court, Milton Keynes	Multi Let offices in Milton Keynes circa 25,000 ft2	Freehold	£400,323	£5,600,000	Apr-19	7.15%	6.71%	£192,326	Konica Minolta Business Solutions UK Ltd 01132885
	Photon Park, Wakefield	Office and Industrial unit with circa 9 acres	Freehold	£930,000	£15,100,000	Aug-19	6.16%	5.78%	£376,498	Alliance Automotive UK Ltd 03430230 Western Power Distribution (East Midlands) Plc 02366923
	Regent Street, Luton	Multi Let, Hotel, Gym and Car Park	Freehold	£1,029,710	£20,150,000	Dec-19	5.11%	4.80%	£172,363	Aston Barclay Holdings Ltd Company Number: 0427312 Bannatyne Fitness Limited 03287770 National Car Parks Limited 00253240 Premier Inn Hotels Limited 05137608

Worthing	Address	Description	Tenure	Passing Rent PA	Purchase Price	Purchase Date	Gross Yield	Net Yield (purchase costs deducted @ 6.5%)	Net Income (PA after finance costs)	Tenant
	Waitrose, Newton Mearns	36,000 ft2 food store plus 182 car parking spaces	Hertiable Interest (freehold)	£714,733	£12,200,000	Apr-19	5.86%	5.50%	£178,007	Waitrose 00099405
	Decimal Place, Amersham	27,000ft2 office block with parking	Freehold	£710,065	£12,700,000	Sep-19	5.59%	5.25%	£240,701	Barnett Waddingham OC374854
	Interface House, Royal Wootton Bassett	35,000 ft2 office with 296 car parking spaces	Freehold	£468,000	£6,750,000	Sep-19	6.93%	6.51%	£206,112	Swindon Silicone Systems 01378199
	Liverpool Gardens Car Park, Worthing *	Surface Car Park in within borough	Freehold	£260,000	£4,200,000	Nov-19	6.19%	5.81%	£60,353	CP Plus Limited 02595379
	Cannon House, Worthing *	7,500 ft2 office in Worthing with parking	Freehold	£104,000	£1,300,000	Nov-19	8.00%	7.51%	£34,759	Vacant
	Unit 11D South Marston Business Park, Swindon	90,000ft2 warehouse plus parking and service yard	Freehold	£630,000	£10,850,000	Dec-19	5.81%	5.45%	£146,515	Bleckmann Logistics UK Limited 10769673

* NB Liverpool Gardens Car park on profit share but income to increase by circa £70,000 pa if operated by the council

* NB Cannon House acquired with vacant possession, but estimated annual rent of £104,000 pa

Appendix 3

Risk Matrix:

INVESTMENT PROPOSAL

Property Name/Location:
 Vendor:
 Tenure:
 Category:
 Price:
 Rent per annum:
 Rent Free:
 Initial Yield:
 VAV Election:
 EPC:
 Net Return After Borrowing

Criteria	Criteria Description	Comments	Weighting	Weighted Property Score	Excellent	Good	Acceptable	Marginal	Poor
Location: Macro	Quality of the location (town, city, area) with regard to the property use		3	0					
Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use		3	0					
Building Quality	Quality of the building compared to the Industry standard Grade A for the property type		3	0					
Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant		3	0					
Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations		2	0					
Lease Term	Length of the secured income.		3	0					
Lease Structure	Tenant repairing obligations, rent review mechanisms		3	0					
Rental Growth Prospects	Opportunity / Likelihood to increase passing rent/ ERV		3	0					
Occupational Demand	Anticipated level of demand from alternative occupiers if the tenant/s were to vacate		3	0					
Management Intensity	Complexity and cost of managing the property		2	0					
Liquidity/Exit Strategy	The degree to which the property can be quickly sold in the market without affecting the price. Please provide specific commentary on exit strategy.		2	0					
Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required		2	0					
Asset Management Opportunities	Opportunities to add value to the property		1	0					
Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector with a focus upon income v capital values at lease expiry		4	0					
Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio		3	0					
Weighted Score		A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered.		0					

Investment Decision Guide for filling in matrix

example considerations

Criteria	Criteria Description	Maximum Weighted Score	Excellent	Good	Acceptable	Marginal	Poor
Scoring numerically between 1 and 5 as detailed in this guide							
SCORE TO APPLY TO EACH COLUMN			5	4	3	2	1

Shading denotes client to fill in

SCORING GUIDE

SCORING CONTROLS							
Portfolio Strategy Context	The extent to which the property meets the strategy and contributes to the achievement of a diversified portfolio	15	Under-represented sector	Sector already heavily represented			
Location: Macro	Quality of the location (town, city, area) with regard to the property use	15	Major Prime	Prime	Major Secondary	Micro Secondary	Tertiary
Location: Micro	Quality of the individual situation of the property within the macro location, with regard to the property use	15	Excellent transport / footfall	Location with limited benefit			
Tenant Covenant	Ability of the tenant/s to pay the rent for the duration of the lease. Credit rating of the tenant	15	Excellent financial covenant	Strong financial covenant	Good financial covenant	Poor but improving covenant	Poor financial covenant
Building Quality	Quality of the building compared to the Industry standard Grade A for the property type	15	New, modern or recently refurbished	Good quality - no spend required for 20 years+	Good quality but spend required in 10 years	Spend required in 5 years	Tired / Significant spend CapEx likely
Lease Term	Length of the secured income.	15	Greater than 15 years	Between 10 and 15 years	Between 6 and 10 years	Between 2 and 5 years	Under 2 years / vacant
Lease Structure	Tenant repairing obligations, rent review mechanisms	15	Full repairing and insuring-recoverable	Full repairing and insuring-partially recoverable	Internal repairing	Internal repairing-partially recoverable	Landlord responsible
Rental Growth Prospects	Opportunity / Likelihood to increase passing rent	15	Fixed uplifts at frequent intervals	Significantly over-rented (tenant paying above the			
Occupational Demand	Anticipated level of demand from alternative occupiers if the tenant/s were to vacate	15	In demand from many tenants	Reasonable prospect of securing new tenants	Niche with limited demand		
Management Intensity	Complexity and cost of managing the property	10	Single Tenant	Multiple Tenants			
Liquidity	The degree to which the property can be quickly sold in the market without affecting the price	10	Lot size & sector attractive to investors	Attractive to niche purchasers only			
Alternative Use / Underlying Value	The value of the land and the opportunity to explore a change of use should this be required	10	Favourable location / planning	No opportunity to change use			
Tenure	Freehold / Long Leasehold. Consideration of any ground rent obligations	10	Freehold	Long Leasehold 125 years + / peppercorn ground rent	Lease between 100 and 125 years / peppercorn ground rent	Lease between 50 and 100 years	Less than 50 years and/or high ground rent (10%+)
Asset Management Opportunities	Opportunities to add value to the property	5	Significant opportunity to add value	No opportunity			
Financial Return (risk v reward)	The forecast gross financial return considering the risk profile of the property and in accordance with the sector.	20	Return higher than expected for sector / the risk profile	Return lower than expected for sector / risk profile			

Weighted Score		200	A property will be expected to score at least 140 out of 200 (70%) on the above matrix unless there are other economic / wider benefits to be delivered within or to the county.
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SWOT

Strengths	Weaknesses
Opportunities	Threats



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 9

Key Decision [No]
Ward(s) Affected: All Worthing

Enabling our Communities to Thrive - Southdown Leisure Five Year Strategy 2020 - 2025

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1. To update members of the Joint Strategic Committee on the progress and performance of South Downs Leisure which was formed in 2015 following agreement to spin out a separate trust from Worthing Borough Council to manage the Council owned leisure assets and provide a comprehensive, cost effective, community based leisure offer for the residents and visitors to Worthing.
- 1.2. To provide information on the new five year business strategy which has been agreed as part of the Council's ongoing relationship with South Downs Leisure.

2. Recommendations

- 2.1. That the Committee grants authority to the Director for the Economy to;
 - a) manage all aspects of the relationship between Worthing Borough Council and South Down Leisure on the terms set out in the existing Funding and Management Agreement between SDL and the Council

- dated 1st May 2015, and to negotiate the additional terms for managing the football pitch and Durrington Community Centre;
- b) To vary the terms of the Funding and Management Agreement to incorporate the agreed additional terms; and
 - c) To note the contents of the report and request an update at a future date.

3. Context

- 3.1. South Downs Leisure (SDL) was created in 2015 following agreement by Worthing Borough Council to outsource the management of its leisure facilities to an independent entity. As part of this process South Downs Leisure, formed of and led by former Worthing Borough Council (WBC) employees and supported by an independent board of trustees, was created and was successful in bidding to be the operator of the Council's leisure assets.
- 3.2. These assets included:
- Worthing Leisure Centre
 - Field Place tennis centre
 - Splashpoint pool and leisure facility
- 3.3. During the first 5 years of trading, SDL also has operated smaller gym facilities at two other sites owned by third parties, these are
- Worthing College
 - Davison High School
- 3.4. In addition to creating a charitable trust, Southdown Leisure has created a commercial entity, the Southdown Leisure Enterprise, (SDLE) which runs commercial operations out of Field Place. A key part of this arrangement is to allow for commercial activity, which when successful, can gift funds to the Trust. This includes the provision of a high end Wedding venue offer at Field Place, to residents and visitors to the town.
- 3.5. As part of the Funding and Management Agreement (FMA) which guides the relationship between WBC and SDL, the Trust created a five year business plan that commenced in 2015. We are now at the point when SDL will embark upon the next phase of their development and delivery. Consequently SDL, as required under the FMA, have created and submitted a new five year plan which has been agreed. This is attached at Appendix A. The Trust also provides officers with a more detailed annual plan and meets quarterly with the strategic lead within the Council (formerly the Director for Communities now the

Director for the Economy) to ensure there is regular dialogue at a strategic level, that matters relating to maintenance and capital investment are planned and addressed, and critically to ensure that there is excellent partnership working between the Council and the Trust.

- 3.6. These liaison arrangements ensure that the communities of Worthing continue to enjoy and are able to access a comprehensive and affordable leisure offer within the borough of Worthing, and create the environment to support the success of the Trust and the wider objectives of the Council, particularly around health, wellbeing and our tourism and leisure offer.

4. Issues for consideration

5.

- 4.1 In the five years since the Trust was formed, SDL and WBC have developed a way of working that allows for collaboration, partnership and future focus, whilst recognising that the two organisations are now separate. The attached five year Strategy highlights many of the successes and challenges faced by SDL in this period and how the organisation aims to further develop its offer to the residents and visitors to the borough.

Key Performance Indicators: 2015 - 2019

- 4.2 The Council receives a quarterly report set against key performance targets originally outlined in the 2015 plan. Performance against those targets for 2019 are as follows:

KPI 1: Increase participation

Target: 1% increase per year based on 1.48m in 2015
Approx. 1,536,000 people visited SDL centres in 2019

KPI 2: Promote an active and healthy lifestyle

Target: Swim lessons to average at 1600 per week
Swimming lessons in 2019 were at 2010 per week

KPI 3: Engaging with younger members

Target: Average number of Junior Fit4 1900-2100
FIT4 Juniors are currently 2100

4.3 However, these are fairly narrow performance indicators of the health of a business or the strength of the customer offer. Therefore other measures and matters are regularly reviewed with SDL, these include Quest scores, the industry's quality standard; health and safety reports and audits; and customer feedback. Details on some of those outputs for the last five years are shown in the table below:

Year/ Audit	2014	2015	2016	2017	2018	2019/20 target
H&S WLC	75%	84%	90%	91%	91%	93%
H&S SP	74%	90%	92%	93%	87%	93%
H&S DLC	85%	91%	88%	86%	87%	93%
H&S FP	86%	92%	90%	94%	93%	93%
Quality WLC	63%	75%	88%	91%	91%	90%
Quality SP	69%	85%	90%	91%	91%	90%
Quality DLC	65%	68%	82%	90%	84%	90%
Quality FP	65%	73%	78%	89%	86%	90%
Quest WLC	GOOD	78%	n/a	Very Good	Excellent	Excellent
Quest SP	GOOD	78%	n/a	Excellent	Excellent	Excellent
Quest DLC	Satisfactory	60%	Very Good	Very Good	Very Good	Very Good
Quest FP	Satisfactory	77%	Very Good	Very Good	Very Good	Very Good

It is extremely positive to see the overall improvement in all areas and worth noting that year on year targets have been stretched, hence what was on target/green in 2016 will be assessed as amber now.

4.4 Other key indicators of the successful development of the business include the myriad of community health and wellbeing activities promoted and led by SDL. Many of these are highlighted in the strategy document and include working with our local businesses, statutory and third sector partners. The Trust supports the delivery of a wide range of opportunities for people to engage in and with their

community, whilst improving their health and wellbeing. Recent developments include:

- Funding received by SDL to deliver four Disability Silent Discos - Inclusive nights out at Worthing Leisure Centre
- Junior parkrun to be hosted at Worthing leisure Centre with the start date being 26th January 2020 - 140 children attended the first meet.
- Partnership with Meadowfield Hospital to deliver mental health yoga sessions
- Partnership with Sussex Recovery College & Volunteers to deliver a mental health run club
- SDL support fundraising events for Green Dreams and other local charities, the SDL charity for 2020 is Worthing Community Chest
- Launch of the GP exercise referral scheme in August 2019, at the end of 2019, 40 people were on the scheme and 5 others had completed a 12 week programme

Financial Performance

- 4.5 Over the period that SDL has been a separate entity the leisure market in Worthing has transformed, particularly with the emergence of budget gyms in every high street. This has clearly impacted upon the SDL business model and in 2020 the organisation is looking at ways of addressing this through how it delivers its services, its marketing and customer offer, as outlined in the attached strategy.
- 4.6 In the first 5 years of the contract arrangement, despite these challenges, the business has performed well and the Trust has been able to invest in the business in a variety of ways. Across the 2019/2020 financial year the Trust will have invested £238,000 in a variety of projects including: actions to soundproof bar areas, an IT replacement programme, a new HR and Payroll system, a new Booking system and App, as well as new sports and leisure equipment.
- 4.7 The table below shows the actual and predicted out turn position for SDL over the first 5 years of this contract. In 2018/2019 the Trust's Risk Reserve reached the level at which a 'gain share' was paid to the Council as per the Funding and Management Agreement. These funds will be used to support the delivery of the services going forward

SOUTH DOWNS LEISURE	2015-16	2016-17	2017-18	2018-19	2019-20
	Actual	Actual	Actual	Actual	Forecast
Income	5,749,554	6,495,754	6,531,334	6,453,740	6,130,826
Donation from SDLE	128,586	130,390	0	0	0
Depreciation	91,071	103,855	117,043	132,416	131,982
Expenditure	5,351,083	6,326,080	6,411,080	6,150,687	5,982,617
Management and Admin Fee	20,243	23,036	26,004	26,844	27,108
Surplus/(Deficit)	415,743	173,173	(22,793)	143,793	(10,881)

4.8 In addition to the above South Downs Leisure Enterprise, that runs commercial business activity from Field Place, has been operating and has regularly gifted funds to the Trust. Clearly the financial health of this business is critical to the overall success of SDL. The table below shows the current reserves position for SDLE.

SOUTH DOWNS LEISURE ENTERPRISE	2015-16	2016-17	2017-18	2018-19	2019-20
RESERVES	Actual	Actual	Actual	Actual	Forecast
Reserve Additions	13,206	8,061	11,991	83,052	96,823
Reserve Expenditure	0	0	0	0	0
Reserve Total	13,206	8,061	11,991	83,052	96,823
Reserve Cumulative	13,206	21,267	33,258	116,310	213,133

4.9 Since 2017 SDL has successfully achieved the following prestigious awards:

- The Worthing Business Awards for Leisure & Tourism in November 2017 & 2018
- The Wedding Industry Awards for South East of England (Town & City) Venue of the year 2018 & 2019
- The Wedding Industry Awards National Winners (Town & City) venue of the year 2020

Repairs and Maintenance

4.10 As part of the FMA there is a Service Level agreement that relates to the day to day maintenance and repair of the facilities. Certain undertakings being the responsibility of SDL, others being the responsibility of WBC.

4.11 As a rough guidance, all building, mechanical and electrical services and works to fixtures are mostly the responsibility of WBC. The Service Level Agreement is a detailed schedule that identifies the individual responsibility for maintenance.

4.12 South Downs Leisure will for example have responsibility for small scale maintenance, repair of sports and gym equipment, building compliance servicing and maintenance, eg : Fire alarm testing, Portable Appliance testing, Pool water quality testing.

4.13 The Service Level Agreement is reviewed annually.

4.14 Regular liaison meetings are held between SDL and WBC Officers to discuss maintenance works. All maintenance and repair requests from SDL are reported to Technical Services via an electronic works ordering system and logged and prioritised.

Capital Investment

4.15 WBC is responsible for the fabric and capital investment in its leisure assets and since 2015 has invested nearly £1 million in the following improvement works

Project	2015/16 Spend £	2016/17 Spend £	2017/18 Spend £	2018/19 Spend £	Total Spend £
Field Place - refurb of main house toilets.	45,612.40				45,612.40
Field Place - Replace asphalt roof	15,385.00				15,385.00
Field Place - Fire alarm replacement	32,870.00	6,780.00	64,730.10		104,380.10
Field Place - Car Park Extension	104,588.82	16,252.92			120,841.74
Worthing Leisure Centre - replacement of service pipework	5000.00	160,958.32	107,961.18		273,919.50
Worthing Leisure Centre - Glazing renewal	5550.00	3,144.08	47,521.57		56,215.65
Worthing Leisure Centre - Replacement of main hall flooring		126,112.43	33,105.00		159,217.43
Worthing Leisure Centre - Replacement of fire alarm system		6,780.00	64,730.10		71,510.10
Worthing Leisure Centre - Athletics track refurbishment			5,400.00	117,120	122,519.63

Total £969,601

4.16 Each year, as part of the regular liaison between SDL and WBC, South Downs Leisure are asked to identify and submit their own projects/schemes for funding from the Council's Capital Investment

Budget. The Technical Services team will also include in this bidding process items they are aware of that relate to the condition of the buildings and the responsibility of Worthing Borough Council under the Service Level Agreement.

- 4.17 These projects are triaged and scored in accordance with the Capital Investment Budget and where agreed, will be submitted for approval to the Joint Strategic Committee at the end of the calendar year.

5. Current and Future Opportunities and Developments

- 5.1 Throughout 2019 a number of key developments have taken place that will affect and aim to enhance the role of SDL as a key leisure and health and wellbeing partner for the long term. These include:
- 5.2 The development of the *Adur & Worthing Activities Strategy* - led by the Communities and Wellbeing team and supported by stakeholders from across a number of sectors, including the NHS; WSCC (public health and communities); education, leisure and voluntary providers and many others, is a shared and partnership owned Activities Strategy that is being developed for Adur and Worthing. The final version of the strategy is currently being drafted and should be agreed with stakeholders within the next 2-3 months ready for a public launch. A steering group of council officers, members and partner organisations, chaired by Duncan Anderson, Chief Executive of SDL will oversee the delivery of this strategy for Adur & Worthing.
- 5.3 As part of developing the Worthing Local Plan and contributing to the review of the Adur Local Plan the Councils have commissioned consultants to review and provide intelligence and data to support long term planning to meet our future needs for *Open space, Sport and Recreation* across our places. This will enable both Councils to create a Sports Strategy that addresses the future and long term physical asset strategy for different types of sport and recreational facilities, as well as support the future relationship with our key providers. Both the Leisure Trusts have been actively involved, attending Working Groups and being consulted on different strands of the work including the Playing Pitch Review and Built Facilities reports.
- 5.4 Based upon the strategic assessment of needs and demand at a strategic and local level, Worthing Borough Council has embarked upon a project to replace/develop the *Worthing Leisure Centre* site in recognition of the key role this facility plays in the town and the growing

demands placed upon an ageing facility. It is anticipated that options for the Leisure Centre will be brought forward later this year.

5.5 As part of the West Durrington housing development, WBC negotiated the provision of a Community Centre to be located adjacent to a new school and sports facilities (including a new football pitch and a multi use games area). In 2019, following local consultation and an open procurement process, it was agreed to work with SDL to deliver a Community Health and Wellbeing centre in West Durrington, that will compliment the provision by SDL elsewhere. It is hoped the building of the centre will begin in June 2020.

5.6 In December 2018 Worthing Borough Council agreed to support a bid to the Football Foundation for funding of £500, 000 and match funding from S106 monies of £340, 000 for the creation of a 3G football facility at Palatine Park. This facility, if constructed, will create much needed all round, all weather, football and training facilities for Worthing Town Football Club, but will also crucially, extend the opportunity to the wider community to be involved in football at all levels. The options to manage this facility, whilst ensuring the ambitions of the Football Foundation (if grant funding is agreed) are achieved, were that council officers, Worthing Town Football Club or a third party, manages the facility. Having reviewed the costs and benefits of each option, the Council will be submitting a bid that uses SDL as the managing agent for the facility as this represents the best and most cost effective way of

- Managing the day to day running of the facility
- Managing the key relationship with WTFC and
- Ensuring the wider objectives of any successful funding application are fully achieved.

The plans for the facility were approved at the WBC planning committee meeting in January 2020 and the final bid for funding will be reviewed by the Football Foundation in April 2020

5.7 Included in the SDL five year Strategy attached to this report, are also a range of future development plans and key performance objectives which have been discussed and agreed with officers. These include objectives that align to the Councils recently agreed '*Platforms for our Places - Going Further*':

- Change Lives through Health and Wellbeing - Thriving People and Communities

- Grow an Ethical and Sustainable Business - Prosperous Places/Tackling Climate Change
- Creating an Exceptional Customer Experience - Good Services and Solutions
- Develop our staff and volunteers to be the best - Good Services and Solutions/Thriving People and Communities
- Build Strong Communities and effective partnerships - Thriving People and Communities/Leadership of Place

These objectives and associated KPIs, along with any specific additional reporting requirements placed on the Council as a result of funding bids or other agreements, will continue to be reviewed on a quarterly basis.

6. Risks and Issues

6.1 Within the five year strategy SDL highlight a number of issues and risks, the key joint issues are also highlighted below:

Risk	Impact	Mitigation
Competition in the Leisure industry	Financial sustainability of the business and/or WBC having to find another provider Ability to recruit trained and suitable staff is reduced	Regular review of financial planning and strategies to manage costs, increase income and achieve business objectives. Continued joint working, where appropriate and within the bounds of the FMA to support the community led delivery of sport and leisure facilities across WBC
Management of repairs and maintenance (Older facilities)	Older facilities can become costly to repair and maintain Older facilities are less easy to manage in terms of becoming carbon neutral	Effective use of Condition surveys and other data to create annual planned maintenance regimes
Management of repairs and maintenance (New facilities)	Whilst newer facilities can take advantage of a wide range of technologies, the long term management of these has caused issues e.g Splashpoint Leisure facility has certain innovative elements, which are costly to maintain and which if not addressed quickly, have a knock on effect on the daily operations of the business	Daily contact between parties Future planning for reactive and planned maintenance Ensure learning is captured for future procurement and facility management

7. Engagement and Communication

- 7.1 The strategic lead for the Council (now the Director for the Economy, previously the Director for Communities) meets with the Chief Executive of SDL and the SDL senior leadership team on a quarterly basis. These meetings allow both parties to formally review progress against the FMA, review any issues or concerns regarding the day to day relationship, and look to future opportunities and plans.
- 7.2 Colleagues from SDL are very active partners across the Borough and attend and actively contribute to a range of partnership meetings and networks, hosted both by the Council and others. These include being represented at:
- A&W Health and Wellbeing Partnership
 - A&W Activities Strategy
 - Thriving Connections - reducing social isolation and loneliness project
 - Worthing Local Community Network (NHS)
 - GreenDreams Festival

8. Financial Implications

8.1 Current fee and future increases

The Council currently receives £81,548 plus CPI per annum from SDLT trust as a service fee, in 2018/19 this totalled £83,016. Looking ahead, the 2020/21 fee will be based on the fee for 2019/20 plus an annual inflationary increase based on the Retail Price Index.

8.2 Maintenance

Under the terms of the agreement, the Council has retained responsibility for the elements of maintenance of the buildings. As the facilities age, the maintenance costs have increased and are currently exceeding the revenue budget with an expected overspend of £205k in 2019/20. The nature of some of the technologies at the pool, make this particularly expensive to maintain. As part of the development of the 2020/21 budget, the maintenance budgets have been increased by £50k, however the Council will need to consider increasing these further for the 2021/22 budget based on an analysis of the spend over the past three years.

8.3 Reserves and sustainable business models

The emphasis within the current agreement is to provide the Trust with a sustainable level of reserves so that the Trust can adequately manage business risk. The Trust now has a risk reserve of £560,000 and improvement reserves of £301,015.

Under the terms of the current agreement, the Trust can build a risk reserve of £560,000 before the Council is entitled to an income share. In 2019/20, the Council for the first time received a gain share payment of £52,674 (£43,895 net of VAT).

It is proposed that in future, the amount held in the risk reserve can be increased to reflect the risks currently experienced by SDLT by mutual agreement. This would have the effect of formally varying the contract.

In addition to the risk reserve, the Trust places £100,000 of any profit into the Business Improvement Reserve prior to any income share calculation. The purpose of this reserve is to ensure that the Trust has sufficient funds to improve the facilities to ensure that at the end of the contract, the buildings are in a similar condition to that when they were transferred to the Trust.

9. Legal Implications

- 9.1 The contractual relationship between the Council and South Downs Leisure is governed by the terms of a Funding and Management Agreement dated 1st May 2015 (the FMA), as agreed between the Parties. It is intended that the FMA will be varied by agreement to include the additional terms agreed for the management of the proposed football pitch at Palatine Park and the Durrington Community Center.
- 9.2 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 9.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

- 9.4 Section 1 of The Local Government (Contracts) Act 1997 empowers the local authority to enter into a contract for the provision of or the making available of, assets or services or both, for the purposes of and in connection with, the discharge of the function by the local authority.
- 9.5 S1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

Background Papers

- Previous Reports - Report Dated 24/06/14 Agenda Item 10, delegating the implementation of the Trust timetable to the Director for Communities in consultation with the leader on the proposals attached to the Report.

<https://democracy.adur-worthing.gov.uk/Data/Joint%20Strategic%20Committee/201406241900/Agenda/media,124893,en.pdf>

Decision/JSC/012/14-15

<https://democracy.adur-worthing.gov.uk/Data/Joint%20Strategic%20Committee/201406241900/Agenda/media,125434,en.pdf>

Report and the Minutes JSC 31st March 2015 recommendation to transfer Worthing Borough Council's Leisure Services to South Downs Leisure Trust, in accordance with the terms of the management agreement, with effect from 1st May 2015.

<https://democracy.adur-worthing.gov.uk/Data/Joint%20Strategic%20Committee/201503311830/Agenda/media,132499,en.pdf>

Minutes JSC 31st March 2015

<https://democracy.adur-worthing.gov.uk/Data/Joint%20Strategic%20Committee/201503311830/Agenda/media,132778,en.pdf>

- Platform for our Places 2020 'Going Further'
- SDL 2020-2025 Five Year Strategy (Appendix 1)

Officer Contact Details:-

Mary D'Arcy

Director for Communities

mary.d'arcy@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- South Downs Leisure contribute the the economy of WBC through their varied offer of leisure and other wellbeing activities

2. Social

2.1 Social Value

- South Downs Leisure is a not for profit charity with core objectives of improving social and wellbeing outcomes

2.2 Equality Issues

- South Down Leisure actively promote inclusive practices and support the health and wellbeing of people of all ages and abilities.

2.3 Community Safety Issues (Section 17)

- Considered nothing specific to address.

2.4 Human Rights Issues

- Considered nothing specific to address

3. Environmental

- South Downs leisure are actively promoting behaviours and business objectives that compliment the Council's stated ambitions around sustainability and responding to the Climate Emergency

4. Governance

- Governance arrangements are outlined in the report

2020 - 2025 Business Strategy



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WELCOME

The purpose of the strategy is to communicate our long-term vision and aims; together with our values and key objectives for South Downs Leisure's service delivery over the next five years

South Downs Leisure was established in 2015 and already has a track record of success in delivering Health & Wellbeing initiatives and leisure opportunities across our facilities for local people. The facilities managed by South Downs Leisure are:

- Worthing Leisure Centre
- Splashpoint Leisure Centre
- Davison Leisure Centre
- Field Place Manner House
- Tarring Tennis Courts

Field Place Manor House predominantly offers a venue for weddings, corporate hire and functions, and this is not seen as a charitable part of our business and is therefore run by a wholly-owned subsidiary.

Now in our fifth year, it is a good opportunity to briefly look back on our journey so far, celebrate some of our key achievements and summarise the challenges ahead.

LOOKING BACK

Since becoming a Trust in 2015, we have achieved over £1m of savings to Worthing Borough Council whilst increasing services and facilities. At the same time, South Downs Leisure has invested over £800,000 at venues on capital projects which include: (See Appendix I)

- Wedding garden at Field Place
- Refurbished changing rooms and new fitness equipment
- Introducing a new Immersive studio
- New flooring to a studio and sports hall flooring
- IT hardware replacement; telephony and software

During the same period, we have seen Worthing Borough Council continue to invest over £930,000 which has included: (See Appendix I)

- New heating at Worthing Leisure Centre
- IT communications room at Splashpoint
- Running Track
- Car park extension at Field Place

We have established our head office at the award-winning wedding venue Field Place with our HR, Finance and Senior Executive team based there.

We have seen our Quest score increase from 'Very Good' to 'Excellent' at both Worthing Leisure Centre and Splashpoint Leisure Centre and our Net Promotor Score (NPS) increase across South Downs Leisure from 21% to 41%, compared to the national average of 28%.

South Downs Leisure has been extremely successful in winning industry awards:

- 2018 Hospitality Tourism & Leisure for South Downs Leisure
- 2019 Hospitality Tourism & Leisure for Field Place Manor House
- 2019 Wedding Industry awards for Field Place, Wedding Venue of the Year award Town and City for the South East of England.
- 2020 Wedding Industry awards for Field Place, Wedding Venue of the Year award Town and City for the South East of England.

As well as maintaining good relationships with a number of organisations, South Downs Leisure has developed new partnerships, some of which are listed below.

- **Meadow Field Hospital**
 - Delivering mental health yoga sessions
- **Coastal Mind West Sussex**
 - Mental health Yoga sessions and training sessions for staff on mental health first aid
- **Dementia**
 - We became a dementia-friendly organisation in 2017 and continue to train over 50% of all front of house staff in dementia awareness
- **Sussex Food Pioneers – Honey Collective**
 - We have beehives at two of our sites and have started running courses for the community and staff in Bee Keeping
- **Short Breaks**
 - Delivering Accessible open days for children with learning difficulties or disabilities and providing respite for carers
- **Worthing good gym**
 - We helped fund, set up and recruit the Worthing GoodGym initiative which maintains its base at Splashpoint LC
- **The local parkrun**
 - We support Worthing parkrun facilitating their core team meetings, storage for equipment, use of a defib in emergencies and general support every Saturday, Christmas and New Years Day.
-
- **Green Dreams Festival**
 - In 2016, we set up a festival that now attracts over 2,000 attendees and 50 different community organisations
- **Worthing Homes**
 - We have worked closely to bring exercise into the community

LOOKING FORWARD

A five-year strategy is crucial to guide us in making the right decisions and enable South Downs Leisure to further engage local people and organisations, invest in health and wellbeing and identify new opportunities.

Developing strategic partnerships and focusing on quality, not quantity is fundamental to any success. We recognise that a greater understanding and collaborative working between Worthing Borough Council and South Downs Leisure could support both organisations. There is an opportunity for South Downs Leisure to operate more facilities in the Borough freeing up resources for the local authority.

We will be working with Worthing Borough Council to deliver a project at Worthing Leisure Centre and potentially, see a significant investment in Worthing's largest leisure facility. South Downs Leisure will consider expanding or operating new facilities and contracts if the opportunity fits well with our principles of growth in Appendix D.

During the next five years, we want to be everyone's first choice for Leisure & Physical Activity in Worthing. We believe this can be achieved through our Mission Statement "*creating healthy, engaged and active communities*".

Our overriding vision is to encourage and support the community to get "*more people, more active, more often*" To achieve this we have made it our mission to create healthy, engaged and active communities

ABOUT US

South Downs Leisure was formed in 2015 to operate leisure facilities on behalf of Worthing Borough Council. We employ over 400 staff with more than 90% living in either the Adur District or Worthing Borough. We are responsible for delivering leisure services and public health initiatives in partnership with Worthing Borough Council, West Sussex County Council, Chichester College Group and various other local organisations.

We operate six sites in Worthing with more detail found in (Appendix G).

There are 11 Trustees on our Board, all of whom are local volunteers with a wide variety of professional backgrounds and experience. Two of the trustees are local councillors.

Our facilities are all currently within the Worthing Borough and Impulse Leisure operate most of the leisure facilities in the Adur District.

Worthing is densely populated between the sea and the South Downs National Park, two natural assets that could be exploited for greater leisure use in the future. Whilst this limits our catchment area it also means there are no competitors in the south and people are less likely to travel north. There are approx. 110,000 people living in the Worthing Borough and approx. 70,000 people living in Adur to the East of Worthing.

Worthing has a target to build over 500 homes a year for the next 15 years and this would increase the population by 2035 to over 125,000.

We currently have a membership base in Worthing of approx. 9% of the population with 9,500 FIT4 memberships. This membership is spread quite evenly across all age groups except the over 60's where we have low representation compared to the local demographics.

% of people inactive for less than 30 minutes

Active Lives survey	2017-18
Worthing	24.7%
Adur	23.4%
Arun	26.0%
England	25.1%

COMPETITION

Our competition varies depending on the product. However, our main services for the charity are swimming and fitness and our price is from £35-50 a month. The competition around this will not generally stretch beyond 6 miles of the main centres so in this case Littlehampton – Lancing.

Our main competition:

Competition	Price	Location	Miles	Gym	Group ex	Swim	Rackets	24hrs	New comp
David Lloyd	£80+	Durrington	2 miles	●	●	●	●	×	
Lanes	£60+	Rustington	6 miles	●	●	●	×	×	
Impulse Leisure	£35+	Lancing	4 miles	●	●	●	●	×	
Freedom Leisure	£35+	Littlehampton	8 miles	●	●	●	●	×	Opened in 2019
The Gym Hub	£20	Worthing	0 miles	●	×	×	×	●	Opened in 2017
The Gym Group	£15-£20	Worthing	0 miles	●	×	×	×	×	Opened in 2018
Anytime Fitness	£30	Worthing	0 miles	●	×	×	×	●	Opened in 2017
Eco Gym	£30+	Lancing	2 miles	●	×	×	×	×	Opened in 2016
Three Sixty Fitness	£30+	Shoreham	6 miles	●	×	×	×	×	Opened in 2017
Optimus Gym	£30	Rustington	6 miles	●	●	×	×	×	Opened in 2019
Ocean Fitness	£30	Worthing	0 miles	●	●	×	×	×	
Trax Fitness	£25	Worthing	0 miles	●	×	×	×	×	
FIT4	£35-£50	Worthing	0 miles	●	●	●	●	×	

Competition comes in form of cinemas and bowling alleys on a wet day and the natural resources of the sea and South Downs on a sunny day.

We have also completed a similar exercise to the table above for weddings and the Enterprise.

	Day capacity	Evening capacity	bridal suite?	outside ceremony?	photo booth	room night before	collect day after?	accomodation	deposit cost?	Venue Hire	inhouse or catering company
Wickwoods country club	80	200	yes	no	no	yes	10am	5 guest rooms	£1,600	£3,100	yes
Nymans gardens	45-100	N/A	N/A	yes	N/A	yes	1-2 days	N/A	£2,040	£2,400	no catering + no corkage charge
Pangdean old barns	180	200	no	yes	no	no- EP's help set up	1-2 days	no	£2,000	£6,720	inhouse- no corkage charge
South downs manor	150	220	yes	yes	no	no	10am	14 guest bedrooms	£600	£3,500	yes- lots of packages
upwaltham barns	150	200	yes	no	no	if no event on	10am	no	£1,550	£6,200	nibbles to nosh + No corkage charge
Farbridge	135	200	yes	no	no	no	10am	7 guest rooms+	£3,000	£6,400	yes
Cissbury barns	120	200	no	no	no	no	10am	no	£2,600	£6,500	choice of 8 different caterers in house. All drinks provided by them
High down vineyards	92	120	no	no	no	yes	yes	no	£800	£5,325	
Worthing Dome	50	190	no	no	no	if no event on	yes	no	£500	£2,250	yes
fitzeroi barn	120	250	no	no	no	yes	yes	no	£1,500	£4,750	choice of 8 caterers
Two woods estate	80	120	yes	yes	no	no	yes	no	£1,200	£4,800	no caterers, no kitchen. Can bring
Selden Barns	100	300	yes	no	no	if no event on	yes	9 guest rooms	£500	£5,700	choice of 5 different caterers.
Castle Goring	100	200	yes	yes	no	no	yes	no	£1,600	£6,400	2 potential caterers, usually
Field Place Manor House & Barns	120	200	no	yes	yes	yes - if available at	yes, all boxed up	no	£400	£4090 (S. Barn &	Hardings

The above tables were correct as of May 2019

PURPOSE

At South Downs Leisure we do more than just physical activity we also encourage and facilitate activities that enhance mental wellbeing which in turn can help keep people happy and healthy.

Our overall purpose is to be the Council's partner of choice supplying sports, leisure and health and wellbeing services and facilities to all the community.

Demographically we will focus on opportunities in Worthing & Adur and the surrounding boroughs which include Brighton & Hove, Horsham and Arun and the opportunities would need to fit into our Principles of Growth. (Appendix D)

At South Downs Leisure Enterprise, we would also aim to be the partner of choice for the Council however the services we provide under the Enterprise could have a much wider remit. At this stage, we would primarily be looking at potential wedding and conference venues.

Demographically for the Enterprise we would focus on the whole of Sussex, as the catchment for weddings and conferences is much greater than that of a leisure facility.

OUR VISION

More People, More Active, More Often

OUR MISSION

To deliver an inclusive range of health and wellbeing initiatives whilst providing a clean safe and happy leisure experience.

OUR VALUES

Integrity & Attitude: we will be open, honest and friendly when communicating with customers and partners, treating everyone with respect.

Equality, diversity & inclusion: we aim to ensure that the opportunities the Trust provides are accessible on a non-discriminatory basis and provide maximum health and wellbeing benefits for all.

Continuous Improvement: we will strive to make the experience of users and visitors better by continually reviewing our activities and procedures.

Partnership working: we will develop and sustain strong and effective partnerships with local and national organisations in pursuit of our vision: More People, More Active, More Often.

Innovation: we will explore the introduction of new products and services, driven by technology, industry research and best practice.

Staffing: we will ensure that all our staff are professionally qualified and/or appropriately trained to deliver the service required and respond effectively and quickly to customer enquiries.

Environmental Awareness: we will endeavour to be an environmentally conscious organisation and will continually review our services to ensure best practice.

LINKS TO LOCAL AND NATIONAL TARGETS

Our Mission, Vision and key objectives are developed through a combination of National, Regional and Local Plans.

These include:

The Worthing Health Profile and Joint Strategic Needs Assessment (JSNA)

The health of people in Worthing is generally similar to the England average. About 13% of children live in low-income families, life expectancy for both men and women are similar to the England average. Life expectancy is 8.7 years lower for men and 8.5 years lower for women than the average in the most deprived areas of Worthing which are Heene and Central wards

- In addition, for Year 6 children, 18.1% are classified as obese.
- Self-harm hospital stays are worse than the average across England

The key priorities for Worthing are to improve community-based approaches to mental health, reduce social isolation and loneliness and promote healthy lifestyles/behaviour changes. For more information on this jsna.westsussex.gov.uk

Worthing Borough Councils “Platform for our Places – Going Further”

This is a document developed by the Council which sets out how over the next three years from 2020 the Council intend to create the essential platforms for prosperous, healthy, happy and connected communities. They have divided Platform for our Places into five key areas which are;

- Prosperous Places
- Thriving People and Communities
- Tackling Climate Change and supporting our natural environment
- Good services and new solutions
- Leadership of Place

Adur & Worthing Public Health Strategy 2018-2021

This document builds on a previous strategy focusing on key areas of concern identified by local stakeholders. The Vision is for everyone to get a good start in life, live well and age well, which could help contribute positively to the creation of enterprising and thriving communities. The five priorities are;

- Opportunity to enjoy good mental wellbeing and emotional resilience
- Contribute to improved environmental sustainability
- All can access and make use of our open spaces
- All have the opportunity to enjoy a healthy lifestyle
- All enjoy good social connections via purposeful activity at all stages of life

Adur & Worthing Physical Activity Strategy 2020

This document focuses on starting well in life, living well and ageing well. It has recommendations for each category some of which are links to the key objectives later in this strategy. We are part of the focus group that will be monitoring its progress.

West Sussex Physical Activity Forum

We also sit on the West Sussex PAF which is focusing on the following areas:

- Young people 14-19
- Older people
- People with a long term condition or disability
- People living in deprived areas with high rates of inactivity

Active Sussex Strategy 2018-23

This strategy has a vision to increase the number of people more active in Sussex by 2023. Sussex Active have four pillars to guide them in delivering their vision which are;

- Building lifelong activity habits in our children and young people
- Motivating inactive people to become more active
- Working out in the community to engage local people
- Bringing in new investment & partnerships

National strategies informing this are the Sport England "*Towards an Active Nation strategy*" and the Government strategy "*Sporting Future*".

Sport England – Towards an Active Nation 2016-2021

The Towards an Active Nation and A Sporting Future (2015) document which were from Sport England and Central Government respectively are two strategies that have been fundamental in shaping South Downs Leisure core values and objectives over the first five years of operation.

We continue to adopt the principles from these documents and align them to our plans alongside other local strategies. The five key areas of focus in the Sport England document were:

- Physical Wellbeing
- Mental Wellbeing
- Individual Development
- Social & Community Development
- Economic Development

OUR VISION AND STRATEGIC AIMS

At South Downs Leisure, to achieve our goal of more people, more active, more often we need to target our efforts and service offers to create a sustainable and balanced business model that provides opportunities for all, and generate profits that can be re-invested into our facilities and other services. To guide us in what we do we have come up with five strategic aims, all of which will help us change lives through Health and Wellbeing:

- Change lives through increasing health and wellbeing
- Grow an ethical and sustainable business
- Create an exceptional customer experience
- Develop our staff and volunteers to be the best
- Build strong communities and effective partnerships
- Develop & Grow the success of the Enterprise

OBJECTIVE ONE

CHANGE LIVES THROUGH HEALTH & WELLBEING

The power of Health and Wellbeing

It has been said that if exercise were a pill, it would be one of the most cost-effective drugs ever invented*. However, taking part has more benefits than the wellbeing benefits of exercise alone; the sense of community built over a tea or coffee after a shared experience or event can create a feeling of belonging and help avoid the negative effects of social isolation and loneliness.

It is well known and documented that participation and volunteering in community, leisure and sporting activities builds confidence and self-esteem whilst strengthening community spirit and improving physical and mental health.

The role we play

Supporting the Worthing community

At South Downs Leisure we design and deliver programmes that are financially sustainable and, in some cases, support other initiatives that can improve the Health & Wellbeing of our local community.

We strongly believe that no other leisure service is better placed to deliver such a diverse range of schemes with a positive impact on our surrounding area.

Working with other charities

We support the wider Worthing community by nominating two local charities to fundraise for each year. This also creates volunteering opportunities for staff and a chance to contribute to the greater good for those taking part in fundraising events. These charities are strategically chosen based on their commitment to similar outcomes as us – a strong fit with local public health priorities for the Worthing area and the ability to make a real impact to those we seek to support.

Working with corporate partners

NICE (National Institute for Health & Care Excellence) has recently reported that companies have a corporate responsibility to promote and support their workforce to stay active and healthy. Figures from the Health & Safety Executive tell us that stress, depression or anxiety accounted for 40% of all work-related ill health cases and 49% of all working days lost due to ill health. *

At South Downs Leisure we will work with our corporate partners to provide physical activity opportunities for their employees and educate companies that an active

employee is much more productive. This creates an opportunity for our team to advise companies on how to best care for their workforce, to promote our products and services and to tailor programmes to meet their specific health and wellbeing needs

Supporting the South Downs Leisure team

Of course, it's important to practise what you preach! We have a robust staff Health & Wellbeing policy which allows us to support our own team of staff members and volunteers. South Downs Leisure has signed the 'Time to Change' pledge showing our commitment as an employer to end the stigma surrounding mental health. This work includes establishing a steering group of Time to Change Champions, reviewing policies and procedures and reviewing the support on offer.

Measuring the difference we make

As a responsibly managed charity we re-invest everything we make back into providing opportunities to support the health and wellbeing of the Worthing community. We work hard to measure and understand the impact that all of our programmes and activities deliver. We do this by introducing social value measures to promote and demonstrate the effectiveness of investment in our services. We look at the levels of participation, the people involved and the difference we make to everyone involved. This helps us to clearly show how every pound spent has a social impact on the community; benefitting public health, community safety, economic regeneration and community development.

Health and Wellbeing at South Downs Leisure for 2020

The Health and Wellbeing focus for 2020 and beyond includes:

- Securing funding to run activities and programmes with a focus on hard to reach groups, creating opportunities for socially disadvantaged groups to take part in activities to improve their overall health and wellbeing.
- Increasing the impact, we make by Introducing new wellbeing initiatives working with carefully targeted partners organisation, while preserving current thriving partnerships.
- We will articulate the social value created by all SDL activity, and track this social value generated on a month by month basis.
- We will develop healthy ways of working for SDL employees – including programmes to encourage walking meetings, screen breaks and active travel, in addition to current support advice and discounted Fit4 membership.

In order to ensure that these initiatives make best possible use of our precious resources we will also ensure that each activity, partnership or event meets the following criteria:

- Activities should either be high volume, low impact or low volume high impact (for example, supporting individuals with profound and multiple learning disabilities will be necessarily a small group in terms of population numbers, but the impact to each individual reached through a wellbeing activity could be measured as high impact on the individuals wellbeing)
- All activity will be in line with our charitable purpose and will provide compelling stories to share with staff, members, customers and other stakeholders
- The sharing of these stories can be used to highlight the difference between the charitable purpose of South Down's leisure and other commercial gym operators in the area.
- Our Health and Wellbeing initiatives will work alongside all our other activities and should not become a barrier to anyone enjoying the full facilities of SDL
- We want to make a long-term impact to everyone we help. We will therefore develop clear exit pathways from our programmes, such as Exercise Referral, to FIT4 membership to continue lifelong physical activity and lasting behaviour change.

Some of our current partnerships

This list is not exhaustive but is provided as an example of the range and extent of the partnerships we have in place. We will continue to work closely with the following groups and hope to develop many new partnerships over the next five years as the needs of our community change.

- Health & Wellbeing at Adur & Worthing Councils
- NHS Trusts
- West Sussex MIND
- Grassroots Suicide Prevention
- Public Health, West Sussex
- Worthing Homes
- Turning Tides
- Worthing MENCAP
- Worthing Dementia Action Alliance

* HSE report; figures from the Labour Force Survey

OBJECTIVE TWO

GROW AN ETHICAL & SUSTAINABLE BUSINESS

Ethics and sustainability go hand in hand. At South Downs Leisure we want to comply with strong ethical standards as we build a business that is fit for the future which supports our staff, customers and the environment.

We need to lead the way with our Green agenda and with every decision consideration needs to be given to the environmental impact.

ENVIRONMENT

South Downs Leisure spent £462,000 from October 2018 to Sept 2019 on energy, producing 1,294.5 tCO₂ (using DEFRA conversion 2019), totalling 6,282,448 kWh of energy across the estate. (ESOS Phase 2 Audit report Dec 2019)

Actively making change to help the environment has never been so important. In July 2019 Adur & Worthing Councils declared a climate change emergency which aims to see both authorities carbon neutral by 2030.

As well as an environmental and moral responsibility to actively reduce our carbon footprint at South Downs Leisure, it also helps with recruitment and engaging customers as more people prefer to work or use services that care for the environment.

We will look to actively reduce our carbon footprint by moving to only using renewable energy and recyclable products where possible.

We will produce an Environmental Impact Plan which will detail how we intend to reduce our carbon footprint to contribute to Worthing Council achieving a carbon neutral position by 2030. This may include the following;

- Investigate Solar energy options
- Increase recycling volume
- Reduction of plastic waste
- Reduction in car journeys by staff
- Use local suppliers where financially and sustainably possible
- Complete LED upgrades where possible
- Increase BMS access at Splashpoint
- Staff awareness campaign and training

HEALTHY EATING

We will aim to align with national objectives around Public Health and healthy eating in our café and vending services by reducing sugar and providing healthier alternative products.

Where possible we want to use local providers to support the economy in the local area and reduce the carbon footprint.

FINANCES

Good financial management is built around robust systems and sound policies which are operated by qualified and well-trained staff.

We seek to achieve a surplus of 1% each year. All profits are re-invested into the Trust and the local community.

We will achieve this by reducing costs and increasing income. Whilst this is not as simple as it sounds, we will review every supplier to ensure we are getting the best value in accordance with this strategy and our values.

We will also look at our various income streams around sales and upselling to maximise revenue.

When looking at future plans, any capital investment we make should begin to show a return on investment (ROI) within the first 5 years.

Our reserves policy needs to ensure that we are sensitive to avoid over-expansion and possibly damaging the brand. Therefore, any investment needs to leave enough cash in the business and minimise risk, and this will be achieved through the use of:

- Sensitivity analysis
- 18-month cash flow forecast
- Principles of growth guidelines

SALES & RETENTION

Competition in the local area has increased by 300% in the last three years with more than 6 new gyms, including two national chains competing in the local area.

Our membership income has a significant effect on South Downs Leisure's success as this equates to between 56-59% of all our income. This income underpins many other community initiatives and our ability to expand and grow.

We will be working on a revised sales and marketing plan highlighting our USPs against our competitors and improving our sales processes. Managing, monitoring and maximising membership will be key to developing sales and retaining income. We need to ensure we match membership numbers and usage to the programme and provide state of the art equipment and facilities.

We are also working closely with Worthing Borough Council on the redevelopment of Worthing Leisure Centre to ensure the best provision for the community.

OBJECTIVE THREE

CREATE AN EXCEPTIONAL CUSTOMER EXPERIENCE

South Downs Leisure has a policy of continually striving to improve customer service across all areas of the business. When we established the Trust, there was a recognition that service standards needed to rise to meet customer expectations and to compete in the open market with direct local leisure providers. The competition also comes from outside the leisure arena as potential visitors choose where to spend their disposable leisure income.

We have seen increased competition in the borough affecting a number of areas in our business:

- Gyms
- Classes
- Wedding venues
- Soft play
- Holiday programmes

The customer experience starts at the contemplation stage and continues through to our staff saying goodbye to a happy customer as they leave our centres. We need to examine the key areas within the customer journey and highlight the major impactors as below. The list below details what we feel the customer is looking for from their leisure experience:

- A user-friendly informative website and app
- An easy to use booking system
- Prompt and efficient telephony and ICT comments service
- Knowledgeable and well-trained staff
- Easy access to facilities with good parking and signage
- Smiling and welcoming staff
- Attractive, flexible and value-for-money membership packages
- A wide choice of inclusive activities for all ages and abilities
- A reaction to industry trends in the provision of the latest leisure products
- The highest level of customer service on a consistent basis
- A clean and well-maintained facility
- What can we do to stand out from other leisure providers (wow factor)?

In 2019 we introduced a new booking system and linked this to Data Hub which collates data across the UK at a local and national level. It's essential we understand the market place and our members. Sending out the same marketing and product to all customers in the future will not suffice, as customers demand bespoke messages and packages designed for their needs. We are collecting data from members and non-members over the next year and have already started using this information when reviewing our programmes and products. We continue to introduce new initiatives and over the last five years we have develop our offer with activities such as;

- Winter Wonder Land
- Silent Disco
- Pole Fitness
- Immersive Studio
- Sensory play area
- Junior Cricket League
- Fencing
- Running, walking and biking on the Downs

Our programmes are constantly developed and reviewed in accordance with demands, trends and occupancy and in some cases, such as fencing, this session was removed and replaced with other activities. Running on the Downs became a voluntary activity and new clubs were developed such as “Born to Run” that grows stronger each year.

We hold a quarterly development group that looks at trends and new ideas and this will continue over the next 5 years. The group will need to balance the commercial opportunities with community and social need.

OBJECTIVE FOUR

DEVELOP OUR STAFF & VOLUNTEERS TO BE THE BEST

To provide exceptional service for our customers, we must ensure that all staff and volunteers have a great and consistent experience through the organisation. This should start from the initial enquiry at the recruitment stage as well as providing quality and consistent inductions for all roles.

South Downs Leisure has an apprenticeship scheme and currently has 15 apprentices on the scheme (Nov 2019). We have developed procedures for all staff and have the following systems in place to support all our teams:

- South Downs Leisure Induction
- Job Specific induction
- Health & Safety induction
- Employee Welcome guide
- Meet the CEO session

To help staff and volunteers develop in their career we also have:

- Performance Development Reviews (PDRs)
- 1-2-1 sessions with their managers
- Mentoring system
- Internal training courses (two listed below which have been developed internally)
 - 1-2-1 management course
 - Management training course
- External training opportunities
- Bi-Annual staff opinion survey

We do recognise that demands and pressures change in any organisation and procedures, policies and systems of work around training, development, contracts will be reviewed in early 2020. All this will be part of a workforce plan that has an emphasis on what is best for the organisation whilst allowing individuals to grow and develop in their chosen career.

We must continue to invest in front of house, middle and senior management and where necessary continue to bring in bespoke professional training to increase knowledge and skills through the development of annual training plans.

We need to expand our modern apprenticeship scheme and look at opportunities to develop our own in-house training academy which would drive succession planning and career development.

If we look after the workforce, they will look after the business and people will want to work for us as a leading and fair employer in the local area.

OBJECTIVE FIVE

BUILD STRONG COMMUNITIES & EFFECTIVE PARTNERSHIPS

During the first five years, we have built a number of successful partnerships most of which have benefitted both the centre, the organisation we have worked with and the community.

South Downs Leisure would not be able to deliver all the Health & Wellbeing initiatives it currently does without its partners and strong communities.

Building strong partnerships with other local organisations has helped us move towards facilitating the start-up of, rather than purely delivering, various community events and activities. Examples of these projects include:

GoodGym, Green Dreams festival, Mental Health run club, Sussex Recovery College volunteer coaching team, Mental Health Football, Albion in the Community, Sustainable Sussex.

Each project continues to be successful and self-sustaining with annual growth.

What we need to focus on is quality rather than quantity so that we can ensure each and every contact we make with the community has a significant positive impact. We will need to:

- Have fewer but more effective partners
- Map out our community links
- Designate staff to take ownership with communication of various partners ensuring prompt responses and developing the relationship

The partnerships that we develop in the future will have one or more of the following criteria:

- Providers of health and social care
- Providers of home care services & care homes
- Corporates & small businesses
- Charities and social enterprises

The range of services or products we could provide will include:

- Opening our facilities to support the partners aims
- Providing services in our partners facilities
- Joint working to support our partners objectives
- Developing innovative ways of delivery of services

We also work closely with partners at a regional and national level in the Leisure Industry in the following way;

CIMSPA – Chartered Institute for Sport and Physical Activity

We are corporate partners and the CEO of South Downs Leisure sits on the Development Board

CLUK – Community Leisure UK

This group represents over 130 Leisure Trusts in the UK and we are again corporate partners and contribute to a number of groups which include;

- Swimming & Aquatics
- Safeguarding
- HR
- Finance
- Chairs & Trustees
- Health & Social Care
- GDPR & Compliance

Active Sussex

One of 43 partnerships across England, predominantly funded by Sport England, Active Sussex main aim is to increase participation in sport and physical activity at a local level. South Downs Leisure are members and attend the quarterly meetings.

Quest

A quality accreditation in the leisure industry supported and part funded by Sport England this is a bi- annual accreditation of each leisure facility. We currently have four sites accredited with two achieving an excellent status.

OBJECTIVE SIX

DEVELOP & GROW THE SUCCESS OF THE ENTERPRISE

The Enterprise has continued to grow with the number of bookings per year, the turnover and in reputation. It is important to reflect on the successes at Field Place understanding the various key decisions and actions that took Field Place from a run-down community venue to a national award winning wedding venue.

In 2016 we realised that our wedding bookings were on the decline and 2017-18 was showing low booking numbers. We sold 52 weddings that year for Field Place. Our 2016-2019 Business Plan for Field Place focused on:

- Customer Service & staff Appearance
- Cleanliness
- Professional show rounds
- Décor and furniture at the site
- Gardens
- Catering

Customer Service & Staff Appearance

We trained all the staff through an external trainer in sales techniques and how to close a sale. We also created an Events and Function Manager in 2016.

Cleanliness

We created a job solely dedicated to cleaning in 2016

Professional show rounds

Part of this training came from the external trainer that came into Field Place but we have since and are still continuing to develop this process.

Décor and furniture at the site

The Facility Manager visited local antique shops looking at furniture and décor that could fit with a Georgine period house and barn.

Gardens

In late 2017 we held a tender to design and cost out the old putting lawn and chose the design from Juliet Sargeant who in 2016 won a gold medal at the Chelsea Flower Show with her anti-slavery garden. We invested £158,000 in the gardens at Field Place which were landscaped in 2018 and mature as each year passes.

Catering

In 2017 we tendered the catering contract and selected Hardings as our preferred contractor. They took over the bars and this has turned out to be a very positive relationship, improving the quality and profit that Field Place generates.

In the early part of 2020 we will be writing a Business Plan to cover 2020-2023 focusing on all of the above as well as looking at whether there is potential for expansion to other sites.

MARKET ANALYSIS

Market development & Choice

Over the last twenty years we have seen Leisure Trusts operating council facilities on a more commercial basis. There has also been a huge growth in the fitness market which has included small individual gyms, boot camps, personal trainers, domestic facilities and most recently large budget clubs opening 24hrs, seven days a week.

The growth in the fitness market has helped Leisure Trusts reduce the subsidy they get from councils and South Downs Leisure even pay the Council to operate their facilities.

There have also been many trends, and, in some cases, fads appear on the market particularly around group exercise and individual pieces of fitness equipment. The fads are the short-term phenomena that rise quickly, sometimes take the country by storm, and then just fade to obscurity. Trends, on the other hand, are activities or products that evolve into wider opportunities. The power of a trend can manifest itself in the attitudes, values and behaviours of our customers. Consequently, it is the trends that South Downs Leisure must look for and focus on when mapping out our strategy.

The future trends will be very much based around technology and could include mobile apps, virtual group exercise classes and further development of fitness wearables. These are all still emerging trends that will continue to evolve over the next five years. Currently offering these products provides a Unique Selling Point (USP) but over the next few years this will become a competitive necessity.

Customer Demand

Customers had less choice 20 years ago, we have seen many variations of exercise develop, some of which are mentioned above. There has been increased participation in running clubs, cycling clubs and even free community events such as parkrun and GoodGym, some of these complement our membership. We are not only hit by gyms, on a rainy day our competition could be cinema, ten pin bowling alley, laser quest, climbing or soft play park which have all improved their offer over two decades and when the sun shines our customers use the beach and sea. Membership can guarantee income streams as people pay by direct debit regardless of the weather or competition.

In a saturated market it is not only crucial to get the product right, but you need to also break down barriers to joining. One such barrier is around online membership sales which must be made simple with no complications. We need to focus on capturing the key details on first contact rather than 20 questions before you can join our gym.

We must work closely with our booking providers Legend and be at the forefront on development around membership, online joining and ticketing and access control. We will be reviewing products during 2020 that will hopefully improve online joining and access control in classes.

Cleanliness and customer service continue to be high up on the list of why people leave. While many customers leave for price, they come back because of customer service and cleanliness. It is essential that whilst we focus on innovation and new trends, we must not lose sight of these two important factors.

The product must remain fresh and be up to date with the latest trends and technologies. We need to have the ability to be agile with our approach to new trends and therefore it is important not to align all our fitness equipment under one contract which is changed every five years.

Competition

We need to identify our key competitors and understand why customers may choose them instead of us such as:

- New swimming facilities
- Other Gyms
- Football centres
- Wedding venues
- Other leisure offers

See page 9 of this strategy which refers to competition.

Understanding our unique selling points (USP)

It is more important than ever to truly understand our USPs as this will allow us to focus these as a campaign when competing against new and current competition.

- Our charitable status
Any surplus that we make will be reinvested back into the buildings or community as we are a not for profit organisation.
- The work we do in the community
We have an extensive number of partnerships and ongoing initiatives in the community (examples of these are on page 15 and page 20)
- Staffing our gyms
This is only a USP with the budget clubs if we deliver customer service to a high level
- Extensive FIT4 product

We have a current campaign that focuses on “More than just a Gym”. The FIT4 product is well known around Worthing and seen as great value for money from a high number of people. Going forward we need those same people to understand that in supporting FIT4 they are supporting their community.

Collaboration

We need to work as one Sales and Marketing department in the future. Work is currently in progress to improve this in advance of a Sales and Marketing Director joining this team in early 2020.

Target Marketing

We will be developing smarter marketing campaigns on social networks that target various groups according to intelligence gathered from Data Hub and member and non member usage and aligning this to various campaigns.

Marketing plan

During 2020-2021 we will draw up a marketing plan which will support the delivery of this strategy.

FINANCE

South Downs Leisure has now completed five years of operation as a charitable Trust. During this period, we have moved away from purchasing services from Worthing Borough Council for accounting, exchequer, IT and finally payroll was brought in house in 2020.

Along with gaining greater autonomy, this has enabled South Downs Leisure to make some savings and to create new skill sets within the Trust.

In 2018-19 we gave Worthing Borough Council as part of the contract a gain share as South Downs Leisure exceeded its risk reserve and generated more than £100,000 profit.

Service Fee

In contrast to many other Trusts, South Downs Leisure pays Worthing Borough Council a service fee each year to operate this contract. This creates an income for Worthing Borough Council instead of the loss that leisure was generating when operated in-house. This gives the local taxpayers good value for their leisure services.

Car Parking at Splashpoint

We have an agreement with the Council to refund South Downs Leisure any spend on refunds to the Splashpoint car park over and above £60,000 in a year. The Council are considering stopping this once the new car park opens at the development to the East of Splashpoint. This could have a serious impact on membership and profit margins. We gave back £120,000 of refunds and reclaimed £60,000 from Worthing Borough Council in 2018-19.

Income and Expenditure

Income and expenditure for the first four years are below:

SOUTH DOWNS LEISURE	2015-16	2016-17	2017-18	2018-19	2019-20
	Actual	Actual	Actual	Actual	Forecast
Income	5,749,554	6,495,754	6,531,334	6,453,740	6,130,826
Donation from SDLE	128,586	130,390	0	0	0
Depreciation	91,071	103,855	117,043	132,416	131,982
Expenditure	5,351,083	6,326,080	6,411,080	6,150,687	5,982,617
Management and Admin Fee	20,243	23,036	26,004	26,844	27,108
Surplus/(Deficit)	415,743	173,173	(22,793)	143,793	(10,881)

Income in 2015-16 was only 11 months

The large surplus in year one was mainly due to the direction in which the membership was going and our staffing structure which had not adjusted to more customers at that time. In January 2015 we had 9,400 members and approximately 320 classes but by the end of 2015 we had 10,400 members. To maintain this

growth our classes increased along with staffing in the gyms. 1,000 additional members equates to approximately £360,000 income.

Restructure and review

In 2018 and 2019 we encountered a particularly tough 18 months financially for South Downs Leisure seeing our membership drop in 13 out of 18 months. Our membership reduced from 11,000 at its peak to as low as 9000.

As a result of the drop on memberships we have had to restructure our staffing and review our product, systems of work and services we provide. This has been a trend repeating itself across the country as the market place around fitness has become saturated. There are currently very little signs that this trend will ease up in the future and South Downs Leisure needs to re-organise itself as a company with 9500-9800 members rather than 11000.

A great deal of work has taken place during 2019 to reduce costs and improve our sales and retention process. We are starting to see the benefits of this work, however we need ensure the structure and teams across South Downs Leisure are fit for purpose and will allow us to adapt and grow again in the next five years. A restructure will take place in the organisation during 2020.

Reserves & Capital investments

The reserves policy dictates the funds we have available for any projects or investments moving forward. The reserves have been building in our business improvement and risk reserves. A number of capital purchases have been made from the reserve accounts such as a new booking system, HR and payroll system.

The purpose of our risk reserve was to have a reserve to cover risks to the organisation and we targeted for this to build up to the equivalent of two months' salary costs and any pension strain which in 2015 was £570,000. Two months' salary costs and pension strain today would be approximately £595,000. This will change according to staff being in the LGPS scheme and being over 55 years old.

SOUTH DOWNS LEISURE	2015-16	2016-17	2017-18	2018-19	2019-20
RISK RESERVE & BUSINESS IMPROVEMENT RESERVE	Actual	Actual	Actual	Actual	Forecast
Risk Reserve Additions	305,283	66,300	(22,793)	43,793	(10,881)
Risk Reserve Expenditure	0	0	0	0	0
Risk Reserve Total	305,283	66,300	(22,793)	43,793	(10,881)
Risk Reserve Cumulative	305,283	371,583	348,790	392,583	381,702
Business Improvement Reserve Additions	100,000	100,000	0	100,000	0
Business Improvement Reserve Expenditure	0	0	158,000	0	0
Business Improvement Reserve Total	100,000	100,000	(158,000)	100,000	0
Business Improvement Reserve Cumulative	100,000	200,000	42,000	142,000	142,000
Restricted Funds	10,460	6,873	17,333	30,773	30,773
Total Funds	415,743	173,173	(163,460)	174,566	19,892
Total Cumulative Funds	415,743	588,916	425,456	600,022	619,914

SOUTH DOWNS LEISURE ENTERPRISE	2015-16	2016-17	2017-18	2018-19	2019-20
RESERVES	Actual	Actual	Actual	Actual	Forecast
Reserve Additions	13,206	8,061	11,991	83,052	96,823
Reserve Expenditure	0	0	0	0	0
Reserve Total	13,206	8,061	11,991	83,052	96,823
Reserve Cumulative	13,206	21,267	33,258	116,310	213,133

In addition to the budgeted revenue spends each year, there is a requirement to maintain and replace the larger items of equipment at each of the sites via a Capital Replacement Programme. The table below details a forecasted total of all major capital items based on the anticipated lifespan and subsequent scheduled replacement. Projects are subject to an annual review and are assessed based on their relative importance to the business. Projects may be deferred to future years or discarded altogether. Values are further impacted on by the availability of any external funding and also contributions from Worthing Borough Council and West Sussex County Council (for Davison LC). Under the Funding and Management Agreement, WBC have a comparable commitment to maintain their facilities and schedule their own Capital Replacement Programme.

WBC are currently reviewing their capital bids for 2020/21 and those affecting SDL include:

- Refurbishment of the Tennis Courts at Field Place (c.£160k)
- Replacement of the flume steps at Splashpoint (cost tbc)
- Repair to roof structure and ceiling tiles at Worthing LC. (on hold)
- Repair to the car park surface at Worthing LC (on hold)

South Downs Leisure Capital

SDL CAPITAL FORECAST	2020-21	2021-22	2022-23	2023-24	2024-25
Worthing LC	£10,000	£0	£30,000	£0	£0
Splashpoint	£0	£0	£90,000	£5,000	£0
Field Place (Trust only)	£0	£0	£0	£0	£0
Davison LC **	£12,000	£0	£57,000	£0	£5,000
Worthing College	£0	£0	£0	£0	£0
Totals	£22,000	£0	£177,000	£5,000	£5,000

South Downs Leisure will review projects as and when required but need to be in a position where we can react to market trends and maximise on future new trends. So whilst the strategy shows no capital spend in 2021-22, this is unlikely to be the case.

Budget

A five-year budget follows:

SOUTH DOWNS LEISURE FORECAST	2020-21	2021-22	2022-23	2023-24	2024-25
Income	6,343,489	6,412,450	6,537,010	6,642,302	6,720,476
Depreciation	170,222	170,222	170,222	170,222	170,222
Expenditure	6,065,124	6,177,951	6,253,201	6,329,989	6,408,298
Surplus/(Deficit)	108,143	64,277	113,587	142,091	141,956
Gift from Enterprise	0	0	0	0	0
Net Surplus	108,143	64,277	113,587	142,091	141,956
Cumulative Surplus/(Deficit)	108,143	172,420	286,006	428,097	570,053

The above table assumes a FIT4 membership base of 9,350 in 2019/2020, 9,515 in 2020/2021, 9,550 in 2021/2022 and 9,650 in 2022/2025. Measures being put in place in 2019/2020 should begin to yield results along with customers returning from the budget gyms approximately two and a half years after opening, which has been shown in other sectors within the industry. There are numerous large housing building projects in the local area and we are expecting to attract a proportion of the new residents, hence the increase to a peak of 9,800 members in 2022. It is believed that numbers may then plateau at this figure unless we change something significantly such as a new build. The above projects do not allow for any new

budget gym entrants to the market and revisions would need to be made as appropriate.

We will be considering replacement of Fitness equipment at both SPLC and WLC during 2021 but this will be on a lease and out of the revenue budget.

There will also be Capital spend via the Council in 2020 with the replacement of the tennis courts at Field Place.

The Enterprise will be looking at capital spend around the Reception entrance

Cashflow

Cashflow for the same period (quarterly cash flow is included as an appendix) is below:

SOUTH DOWNS LEISURE FORECAST	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance	694,887	952,779	1,191,262	1,309,676	1,631,304
Surplus/(Deficit)	279,892	238,483	295,414	326,628	332,773
Capital Expenditure	22,000	0	177,000	5,000	5,000
Closing Balance	952,779	1,191,262	1,309,676	1,631,304	1,959,076

Sensitivity Analysis

Using our sensitivity analysis, we are able to understand changes in any of our major costs or income streams. This gives us the ability to react quickly and adjust our services as necessary.

The current pressure on our FIT4 income and large increases in the costs of utilities make us vulnerable so these are important streams for us to monitor in this way.

Enterprise

South Downs Leisure Enterprise is the trading arm of South Downs Leisure. South Downs Leisure Enterprise deals with the non-leisure side of the business which includes weddings, corporate room hire and events.

The business has evolved during the first five years making comparisons in the annual P&L difficult. The catering and bars for all events and functions at Field Place have been contracted out to a professional company which, in turn, provides us with a commission. This has reduced the income but also reduced the expenditure and improved the quality of service.

Over the past 5 years, we have invested in the facilities in a number of key areas including upgrading fixtures & fittings, toilet refurbishment, new bar areas and the wedding garden.

We are continually looking to expand Field Place and develop further commercial opportunities. Some of the key areas to be explored are:

- Source new venues to operate in
- Onsite bridal accommodation – Revenue income and allow us to compete with other venues that offer this service
- Marquee and Lawn at the rear of the Barn – Revenue income and allow for large scale events
- Catering – Continue to work in partnership to develop the offering available across the site
- Pavilion Gallery – Turn into a seating area to make the Pavilion a premium party venue.
- Expand on the multi-room venue to attract new business.

Funding opportunities

We would need to prioritise the list above based on return on investment, risk and the total cost of the project.

The difficulty will come with funding a new facility because we currently do not have ownership of any assets to put down as security when borrowing.

Along with these potential areas for development we are also looking to expand our partnership working with Worthing Borough Council potentially for events and also running weddings at Highdown Gardens. We have currently a very good working relationship with the Worthing Borough Council parks team which was highlighted in the recent green flag report.

Sourcing a new venue(s) to run and expand the business would be a real opportunity for the Enterprise. If a venue can be found to complement and not compete this would be a very exciting opportunity.

	2015-16	2016-17	2017-18	2018-19	2019-20
SOUTH DOWNS LEISURE ENTERPRISE	Actual	Actual	Actual	Actual	Forecast
Income	494,043	570,511	364,409	520,936	616,706
Depreciation	0	2,683	8,234	19,128	25,836
Expenditure	328,707	404,402	282,619	391,912	466,939
Management and Admin Fee	20,243	23,036	26,004	26,844	27,108
Donation to SDL	128,586	130,390	0	0	0
Pre Tax Surplus/(Deficit)	16,507	10,000	47,552	83,052	96,823

SOUTH DOWNS LEISURE ENTERPRISE FORECAST	2020-21	2021-22	2022-23	2023-24	2024-25
Income	633,742	659,092	685,456	706,019	727,200
Depreciation	27,830	29,222	30,683	32,217	33,828
Expenditure	516,017	534,387	573,331	573,331	590,531
Surplus/(Deficit)	89,895	95,484	101,292	100,471	102,841
Gift to Trust	0	0	0	0	0
Net Surplus	89,895	95,484	101,292	100,471	102,841
Cumulative Surplus/(Deficit)	89,895	185,378	286,671	387,142	489,983

SOUTH DOWNS LEISURE ENTERPRISE					
CASHFLOW FORECAST	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance	377,527	417,422	512,906	614,198	714,669
Surplus/(Deficit)	89,895	95,484	101,292	100,471	102,841
Capital Expenditure	50,000	0	0	0	0
Closing Balance	417,422	512,906	614,198	714,669	817,511

Significant investment has been made in the manor house and barns at Field Place. In 2018 a new wedding garden has been designed and created by Juliet Sargent, a Chelsea Flower Show gold medallist and the impact of all these upgrades can already be seen in future bookings.

SOUTH DOWNS LEISURE ENTERPRISE						
BOOKINGS						
At Sept 2019	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Weddings	52	68	69	48	19	1
Functions	24	37	31	4	0	0

Weddings are usually booked 6 months to a year in advance and function 3-6 months

Any future investment will continue to ensure that Field Place manor House and Barns continues to be an award-winning venue which is not only a top choice in Worthing but also West Sussex and the South East of England.

APPENDIX

Appendix A

Change Lives through Health & Wellbeing

Ref no.	Key Description	Delivery Timescale
5.1	Introduction of Data Hub Geo Impacts and social value calculator to assist with activity programme planning via the information on both the location of our customers and those of competing facilities and their preferred activities.	2020-21
5.2	Create a link between the homeless and South Downs Leisure that provides opportunities and a sense of belonging for individuals.	2021-22
5.3	Fitness Team to relaunch exercise referral scheme and grow this sustainably year on year.	2019-22
5.4	Develop an audit of clubs and sporting opportunities that we can either sign post our users and partners to across Worthing. Plot these opportunities against childhood obesity and inactivity within Worthing and use this information when planning new initiatives.	2020-21
5.5	Understand Geographical, demographical and corporate gaps in membership and targeting underrepresented demographic groups and look at a possible concession membership for vulnerable people.	2021-22
5.6	Mobilise and open the Durrington Wellbeing Hub in 2021 and make this a sustainable success that facilitates a wide range of community and commercial activities to support the community needs.	2021-2023
5.7	H & W Manager to continue to build links with Sussex Partnership to create pathways from illness & hospital admissions to regular physical activity and develop five new initiatives per year	2020-2025
5.8	Consider a scheme that encourages staff to be more active at work. This should be tested with SDL and could be used with other corporate members. This should also discourage the use of cars for short journeys such as Field Place to WLC	2022-2023
5.9	Organise a team building activity or day that would encourage staff to either be more active, meet new people, help out in the community.	2020-21
5.10	Talk with school heads to suggest and encourage intergenerational education with school children partnering phoenix for the morning.	2021-22

KPIs

1	Financial sustainability of Health & Wellbeing	Zero budget
2	Link between homeless and SDL	Come up with a plan for 2021
3	Exercise Referral numbers with 60% of all patients joining FIT4	36 members in 2020-21 40 members in 2021-22 45+ members in 2022-23
4	Ensure Durrington Hub makes a small surplus by year 2	Surplus in year 2
5	Report the social value in annual Business Plans from 2021	Figure in £££
6	SDL Community Activity	Volunteer in community (could be goodgym or parkrun takeover)
7	Secure funding to run activities and programmes for socially disadvantaged groups	2 funding pots per year

Key Risk Factors:

- Lack of understanding around priorities and needs focusing resources in the wrong area resulting in overspend on the budget.

- Lack of funding opportunities due to poor delivery and reputation

Grow an Ethical and Sustainable Business

Ref no.	Key Description	Delivery Timescale
1.1	Work with the Council on the development of the Leisure Futures project to deliver a new state of the art complex for the people of Worthing ensuring it is fit for purpose for the next 40-50 years.	2020-2025
1.2	Benchmark against industry standards for sales and retention and create a formula to match membership numbers to usage provision. For example 0.90 class spaces per member per week	2020-21
1.3	Create an environmental action plan in 2020 that will help reduce our costs, reduce our carbon footprint and help market the organisation as a caring business by 2023	2023-24
1.4	Achieve EBITDA of between 1%-3% each year and re-invest a minimum of 10% of business improvements reserve back into the business each year over any rolling three year period.	2020-2025
1.5	All capital investment to show a return on investment over five years unless the opportunity shows others key benefits making use of our Principles of growth and values.	2020-21
1.6	Introduce Environmental Impact as an agenda item to SMT meetings and a section on all Board reports	2020-21
1.7	Brighton and Hove leisure contract will be up for tender in 2023 and South Downs Leisure needs to understand what B&H Council are looking for from the successful bidder before deciding whether to apply.	2023-24
1.8	Develop a Sales & Marketing Plan on an annual basis to increase sales & retention, control attrition and maintain the desired yield	2020-2025

KPIs

1	Environmental Impact	5% reduction in Electricity 1% reduction in water Up to date live delivery plan in place
2	Profit & Loss	1-3% profit on turnover
3	FIT4 Attrition	below 5%
4	FIT4 average membership	2020-21 = 9,400 2021-22 = 9,600 2022-2023 = 9,800
5	Increase sales of FIT4 product	Increase sales to average over 495 per month as an average
6	Classes	Full to 70% capacity and providing 0.9 classes per member
7	Capital & Asset plan	Develop a capital and asset replacement plan that is linked to the budget and is affordable.

Key Risk Factors:

- Reduced FIT4 membership.
- Overexpansion, falling standards and reduced income
- Reputational damage due to above and no care with the environment

Creating an Exceptional Customer Experience

Ref no.	Key Description	Delivery Timescale
2.1	Review the Recruitment and Selection policy and training to raise the profile of customer service as an essential within job descriptions. Review the internal Customer Care strategy for the organisation.	2020-21
2.2	Review the format of the South Downs Leisure website and App using customer feedback and independent testing.	2022-23
2.3	Review the booking and tiling process working with Legend to improve the online functionality whilst Improving access control to reduce unauthorised entry to the sites.	2020-21
2.4	Review the pricing policy and membership options.	2020-21
2.5	Assess the benefit of an off-peak and sports-specific package.	2020-21
2.6	Review the telephony service including the possibility of a centralised call centre and adopt the Splice monitoring tool to feedback on a monthly basis.	2021-22
2.7	Maintain the Quest accreditation at the 4 larger sites with a minimum of Excellent at each.	
2.8	Set 5-year targets for the site and South Downs Leisure Net Promoter Scores and benchmark against comparable industry providers with a target to reach 44%.	2020-25
2.9	Grow usage by 3% from 1.55m in 2020 to 1.6m visitors in 2025	2020-25
2.10	Within the trading meetings review quarterly new ideas and initiatives and plan these into the capital scheme and business plan in line with this strategy and the needs of the community.	2020-2025

KPIs

1	Quest Accreditation score	Very Good or Excellent
2	Net Promoter average score	2020-21 = 40% 2022-23 = 42% 2024-25 = 44%
3	Customer care training	To have 60% of South Downs Leisure trained in customer care (course or online) by 2021/22
4	Usage growth	2020-21 = 1.55m 2022-23 = 1.57m 2024-25 = 1.6m
5	New initiatives	Two new initiatives/products per year

Key Risk Factors:

- Negative effect on customer service
- Reputational damage and difficulty in recruiting the best staff
- Reduced usage at our venues.

Develop our staff & volunteers to be the best

Ref no.	Key Description	Delivery
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		Timescale
3.1	Introduce a new HR and Payroll system	2020-2021
3.2	Develop a Training Academy for staff where we employ staff to deliver the training and sell spaces to other corporate groups. Offer reduced or free training to volunteers based on a points system where volunteers can build up credits for working volunteer hours	2021-22
3.3	Create a consistent way to monitor both short term and long term sickness by departments: <ul style="list-style-type: none"> • Membership • Fitness • Worthing Leisure Centre • Splashpoint Leisure Centre • Field Place • Davison Leisure Centre • Worthing College • Head Office & Business Development target to bring the overall sickness below 2.5%	2020-21
3.4	Empower staff at all levels to have responsibilities through the PDR and 1-2-1 process and relaunch the mentoring system	2020-21
3.5	Develop a volunteer strategy and create opportunities to engage members of the community who may not currently use our facilities and offer reduced or free training to volunteers based on a points system where volunteers can build up credits for working volunteer hours. Establish current volunteer hours and Increase the number of volunteer hours by 30% over five years in incremental stages	2022-23
3.6	Select a team of positive ambassadors that would deliver all South Downs Leisure Inductions consistently across the organisation	2020-21
3.7	Develop a calendar of team building, social and engagement opportunities such as World Café or Learning at Workweek.	2021-22
3.8	Deliver an annual staff satisfaction survey with an aim to gradually improve satisfaction in years 1,3 and 5 of this strategy and have a completion rate of 60% of staff by 2023	2023-24
3.9	Re-Write all our JD's and person specs in line with CIMSPA guidelines and review policies and procedures to help the organisation.	2021-22

KPIs

1	Staff turnover	Turnover between 10%-20%
2	Volunteer hrs	6% increase per year
3	Sickness	Sickness under 2.5%
4	Staff Survey	Completion over 60%

Key Risk Factors:

- Bad reputation as an employer making it difficult to recruit
- High turnover of staff which puts pressure on budgets and the rest of the team

Build strong communities and effective partnerships

Ref no.	Key Description	Delivery Timescale
4.1	Support and actively seek partnership working projects (where viable) that allow free/low-cost access to our facilities examples; the Mental Health running club, and junior park, and Mental Health Football.	2020-21
4.2	Map out our partnerships, the link and who leads on contact with each group.	2020-21
4.3	From above prioritise the top 12 partnership and highlight areas in the community and corporately where we are not engaged to the correct level.	2020-21
4.4	Undertake a partnership plan reviewing current and future partners. This needs to establish our direction of travel, the purpose of the partnership and ensure our partners cover all aspects from business need, community need and clubs, corporate and industry.	2021-25
4.5	Put together a development plan for each club. This will focus on funding and future needs which will help the club/partner keep our facilities busy and well used. <ul style="list-style-type: none"> • Worthing Thunder • Harriers Athletics • Worthing Swimming Club • Phoenix club • Walking Football 	2021-25

KPIs

1	Funding	Achieve a level of funding each year that covers the activity and the Health & Wellbeing Manager post making projects financially sustainable
2	Funding target	From 2022 = £50,000+ per annum
3	Community partners	Map out plan of partners and areas of work over the next 5 years

Key Risk Factors:

- Poor relations and limited partners could resort to lack of funding opportunities
- Greater costs to deliver projects within the community without partner engagement

DEVELOP & GROW THE SUCCESS OF THE ENTERPRISE

Ref no.	Key Description	Delivery Timescale
6.1	Write a three year Business Plan for the Enterprise	2020
6.2	To provide a High end product within West Sussex	2020-23
6.3	Explore the possibilities around a wedding suite or yurts for the bride and groom to use before and on the night	2021-22
6.4	Consider Marquee weddings that would allow for 200 people	2021-22
6.5	Refurbish the reception area to the house	2020-21
6.6	Increase weddings from 70 to 80 over five years	2020-2025
6.7	Increase functions from 36 to 45 over five years	2020-2025
6.8	Increase corporate bookings BY 10%	2020-2023
6.9	Investigate potential new wedding venues understanding fully what made Field Place such a success.	2020-2025

KPIs

1	Sustainability	10% EBITDA growing to 14% by 2025
2	Weddings	2020-21 = 70 2022-23 = 75 2024-25 = 80
3	Functions	2020-21 = 38 2022-23 = 42 2024-25 = 45
	Corporates	2020-21 = £75,600 2021-22 = £79,380 (5%) 2022-23 = £83,349 (5%)
4	Conversions	Convert 50% of all walk-ins to a booking

Key Risk Factors:

- Competition resulting in reduced weddings and reduced profit
- Reputation due to poor maintenance, cleanliness or service resulting in above

Appendix B

SWOT

Strengths

- Established FIT4 cross-site product
- Uniquely diverse product mix
- Consistent branding
- Competitive pricing
- Strong community engagement and partnership working
- Well trained and knowledgeable staff
- Wide range of skills and industry experience
- 5 locally based sites
- Strong Health and Safety ethos throughout the organisation

Weaknesses

- Ageing facilities (Worthing Leisure Centre and Davison Leisure Centre)
- Telephony – missed calls
- Lack of security and direct access control
- Lack of ability to react to industry trends
- Lack of financial flexibility to support new ventures
- Insufficient free parking

Opportunities

- Gaining chartered accreditation status in customer service (ICS)
- Modern Apprenticeship integration as part of the Workforce Strategy
- Further Health and Wellbeing Programme Development
- Expand environmental & sustainable initiatives as a marketing tool
- Further product development - adding new leisure initiatives ahead of the competition
- Create stronger community partnerships
- Embracing new technology

Threats

- Increased local competition
- A downturn in membership numbers and revenue
- Loss of main business contracts
- Pressure from increases in the Living wage and National Minimum Wage
- Pressures from reduction in economy
- Loss of Parking / Splashpoint – extended chargeable parking and WBC refund parking agreement ending
- Adverse publicity on social media affecting the overall company reputation

PESTEL

South Downs Leisure has undertaken an analysis of the key factors which impact on the business over the next 5 years.

POLITICAL

There are 37 councillors in 13 wards across Worthing made up of: (brackets are 2015)

- 28 Conservative (27)
- 4 Labour (0)
- 2 Liberal Democrats (7)
- 2 Independent
- 1 UKIP

With the uncertainty of Brexit and Environmental awareness, there is a high possibility of change or a much weaker leading party from May 2020. This could affect decisions around the Leisure Futures project to re-build Worthing Leisure Centre.

ECONOMIC

The national budget strategy and wider economic conditions whilst improved continue to have a major impact on local authority finances in the form of reduced grants from central Government. This will inevitably continue to be challenging for Worthing Council and may also impact on South Downs Leisure as a consequence.

With wages not increasing at the same rate as CPI over the last five years, our customers remain cautious and the low-cost budget sectors have benefitted from this. This has affected the Leisure Industry with Budget Gyms entering the market and Worthing has seen two national chains and one smaller budget club enter Worthing. This has had a significant impact on the membership which we have seen a drop from 11,000 in May 2017 to 9,500 in July 2019.

We have conducted a financial sensitivity analysis on the business and the two biggest areas of sensitivity are staff wages and also our FIT4 membership which currently generates 57% of all income in the Trust.

SOCIAL

Employment legislation dictates issues such as the national minimum wage and a national living wage. These are additional pressures to most leisure budgets and South Downs Leisure is no exception, as we have a high number of staff on these scales. An above inflation rise in the national minimum wage and national living wage also squeezes the next tier of staff above this wage and can create low morale for short periods only.

TECHNOLOGY

This area has seen the biggest change and will continue to see the greatest change looking forward as we continue to work through what seems to be a technology revolution. In the last 10 years, we have seen social media and the iPhone change the way our customers give feedback and shop. In some cases, this has presented an opportunity, but the pace of change is a difficult one to keep up with.

The next five years could be more around access control and Artificial Intelligence (AI). This will include the way customers train, using home technology and expecting new innovation at our sites. We need to remain open-minded about the possibilities that may present themselves in order to not get left behind.

LEGAL

Whilst the advent of charitable leisure trusts is not an immediately recent phenomena, The Localism Act 2011 is an important piece of legislation that seeks to disperse power and encourage Councils, voluntary organisations, charities and social enterprise to get things done, providing new freedoms and flexibilities for local government and new rights and powers for communities and individuals. We are now seeing this with Worthing Theatres who are in the process of forming a Trust. There may be new opportunities within the Borough over the next few years and South Downs Leisure needs to position itself to be ready to expand.

There is an ever-increasing amount of social, employment and health and safety legislation impacting upon the leisure industry. Health and Safety legislation demands increasing consideration to ensure a robust management framework and training. The financial and reputational 'costs' of failing to manage health and safety effectively, not least the consequence of litigation may potentially impact upon the nature and extent of activities that may be undertaken in future.

ENVIRONMENT

This part of the PESTEL covers two very different areas, one of change in the Trust market and one of awareness from our customers around environmental impact.

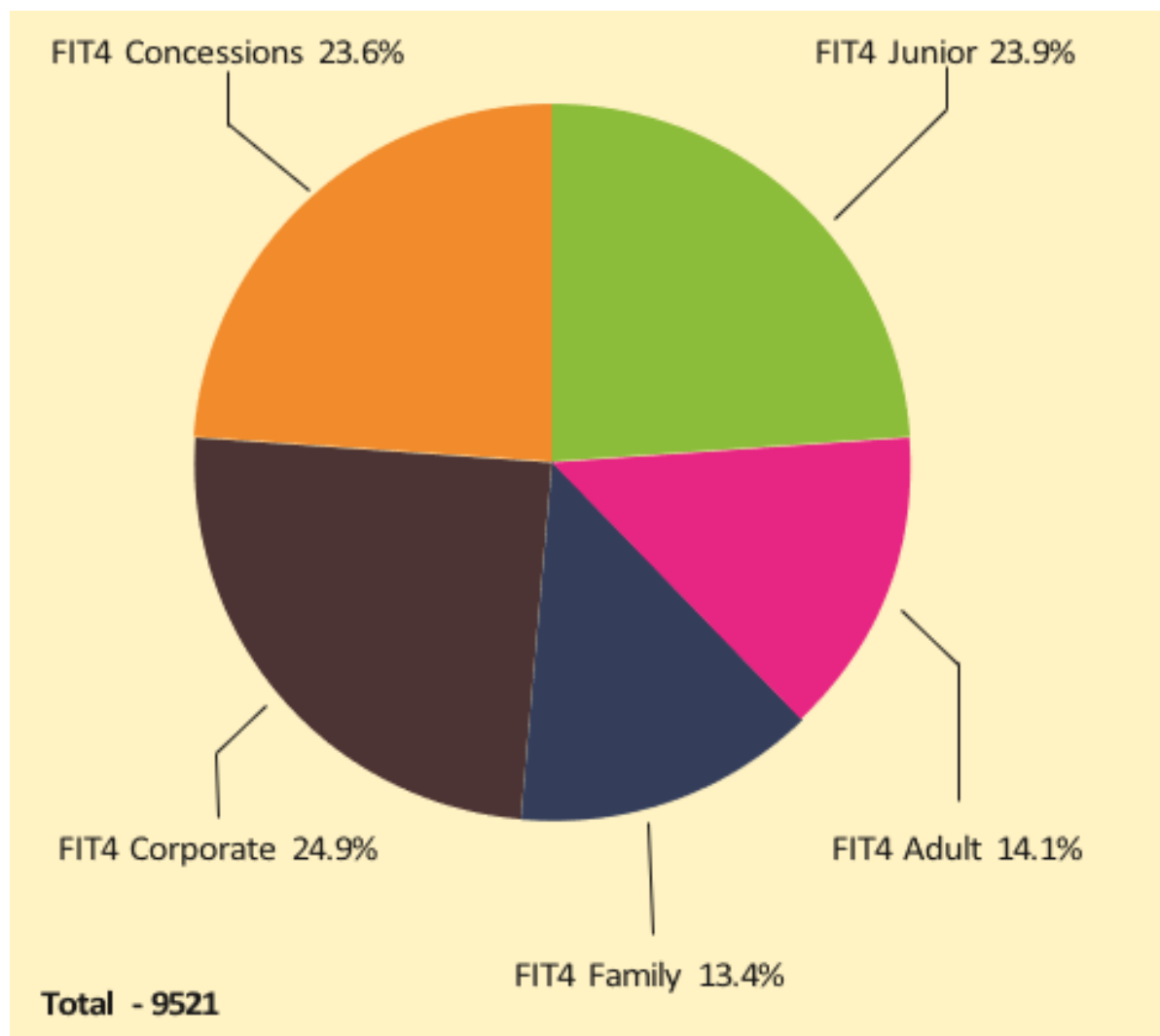
The Trust environment and contracts have continued to be squeezed over the last ten years seeing most leisure contracts go from the council paying the Trust to the Trust paying the council. The margins for a number of Trusts are now very tight, so much so that many operators no longer bid for various contracts and we are dangerously close as an industry to returning to the Compulsory Competitive Tendering (CCT) days of the 1990s where the highest bidder wins the contract rather than quality and localism.

With inciteful TV programmes such as Blue Planet and the power of social media highlighting Greta Thunberg's fight to save the planet, our customers continue to become more aware of all aspects around the environment. South Downs Leisure has a social responsibility to act and in doing so this presents a marketing and financial opportunity to show we lead the way with a Green agenda. Taking away disposables, reviewing and using renewable energy and other technologies will all help with financial savings; however, we also need to ensure we don't stop there. Incorporating this into our holiday programmes as an educational tool is a selling point and applying an environmental impact section in all our Board reports and Senior Management Team meetings will create a positive proactive culture in the future.

Appendix C

Demographics

We currently have 9,521 (April 2019) utilising our five facilities. Breakdown of FIT4 Membership.



The target over the next five years is to get the membership to 9,800 members based on a yield of 32.65 per membership in year one. Although we have exceeded sales targets over the past year, the number of leavers has resulted in a reduction of members overall. Retention is currently our number one priority. The opening of budget gyms is one of the effects on numbers, but numerous initiatives are in place to increase numbers including exploration of new classes and sports activities, generic programming improvements, customer service works, robust marketing, IT strategies, telephony upgrades and new sales promotions.

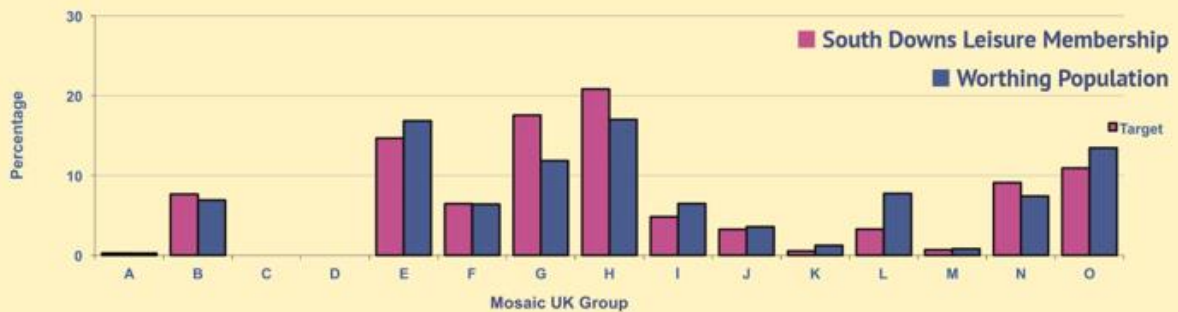
DEMOGRAPHIC COMPARISON

South Downs Leisure Members vs Worthing population demographic breakdown.

Mosaic UK - Group

		Target	%	Base	%	Pen	Index	
A	City Prosperity	31	0.3	285	0.3	10.88	104	
B	Prestige Positions	876	7.7	7,577	6.9	11.56	111	
C	Country Living	0	0.0	0	0.0	0.00	0	
D	Rural Reality	0	0.0	0	0.0	0.00	0	
E	Senior Security	1,680	14.7	18,449	16.8	9.11	87	
F	Suburban Stability	739	6.5	7,010	6.4	10.54	101	
G	Domestic Success	2,010	17.6	12,989	11.9	15.47	148	
H	Aspiring Homemakers	2,384	20.8	18,649	17.0	12.78	122	
I	Family Basics	553	4.8	7,101	6.5	7.79	75	
J	Transient Renters	371	3.2	3,917	3.6	9.47	91	
K	Municipal Challenge	61	0.5	1,358	1.2	4.49	43	
L	Vintage Value	374	3.3	8,490	7.7	4.41	42	
M	Modest Traditions	78	0.7	884	0.8	8.82	84	
N	Urban Cohesion	1,043	9.1	8,125	7.4	12.84	123	
O	Rental Hubs	1,249	10.9	14,757	13.5	8.46	81	
		11,449		109,591				

South Downs Leisure Membership compared to Worthing Population by Mosaic UK Groups



Mosaic UK is a consumer classification based on in-depth demographic data. It helps you understand your customers in detail so you can reach the right people with the right message at the right time. All demographic data is fed into sales and marketing strategies to ensure the best engagement with our customers.

Further information: www.experian.co.uk/mosaic

Analysis has shown that the majority of our customers currently come from four main postcode sectors, all of which are located in close proximity to our venues.

H Aspiring Homemakers

Younger households setting down in housing priced within their means

Ryan & Kate
8.79% | 8.17%



Key Features

- Younger households
- Full-time employment
- Private suburbs
- Affordable housing costs
- Starter salaries
- Buy and sell on eBay

Who We Are

Age 26-35 37.2% 210	Household Income £40k-£49k 20.9% 165
Household composition Pseudo family 19.6% 219	Number of children 2 children 18.2% 198
Tenure Owned 77.2% 120	Property type Semi-detached 41.3% 156

Channel Preference

117	100	109
82	44	92

Technology Adoption



G Domestic Success

Thriving families who are busy bringing up children and following careers

Jonathan & Clare
6.86% | 7.05%



Key Features

- Families with children
- Upmarket suburban homes
- Owned with a mortgage
- 3 or 4 bedrooms
- High internet use
- Own new technology

Who We Are

Age 36-45 41.6% 231	Household Income £70k-£99k 21.5% 332
Household composition Family 47.3% 191	Number of children 2 children 24.0% 261
Tenure Owned 92.6% 144	Property type Detached 39.0% 219

Channel Preference

65	100	108
81	67	97

Technology Adoption



E Senior Security

Elderly people with assets who are enjoying a comfortable retirement



Key Features

- Elderly singles and couples
- Homeowners
- Comfortable homes
- Additional pensions above state
- Don't like new technology
- Low mileage drivers

Who We Are

Age 66+ 69.4% 435	Household Income <£15k 33.2% 192
Household composition Single 52.4% 321	Number of children No children 96.0% 138
Tenure Owned 66.4% 395	Property type Bungalow 32.8% 191

O Rental Hubs

Educated young people primarily renting in urban neighbourhoods



Key Features

- Aged 18-35
- Private renting
- Singles and sharers
- Urban locations
- Young neighbourhoods
- High use of smartphones

Who We Are

Age 26-35 62.0% 241	Household Income £20k-£29k 36.2% 127
Household composition Single 53.0% 148	Number of children No children 94.8% 125
Tenure Rented 55.2% 407	Property type Flat 72.2% 87

Appendix D

Principles for Growth

The following criteria will be used to assess all future opportunities at South Downs Leisure. These should be used as a guide only and should not rule out opportunities.

1. Articles of Association:

Fits with our charitable objects and is for 'public benefit'. Helps us deliver our agreed Strategic Aims and Vision. Enhances our reputation.

2. People & Partners:

Does this align with our Community Strategy, Values, Workforce Plan/Structure, Staff Policies and will it develop effective, meaningful working relationships with new/existing partners.

3. Finance:

Contributes to our existing fixed costs, covers all new costs and future liabilities. Does not negatively impact on cash flow. Maintains a sustainable business.

4. Performance:

Adds value to the core business and contributes to achieving our KPIs. Does not adversely affect current performance.

5. Geography:

Within Adur & Worthing Borough area (Priority 1) or that of neighbouring LA's (Priority 2). Opportunities further afield need a specific Board decision.

6. Market:

Exploits a competitive advantage or 'USP'. Allows innovation, adds to overall customer experience. Challenges competitors and manages commercial threats. Responds to National Strategies and Funding Streams.

7. The pace of Change:

Does not adversely affect our organisational capacity in the medium-long term. Consideration is given to managing change, its timing and impact on existing agreed priorities and plans.

8. Risk:

Does not conflict with our Strategic Risk Register or affect our risk appetite.

9. Political Issues:

Does not create political tensions or impact negatively on Adur & Worthing policies or Public Health key objectives for the area.

10. Potential

Unlocks further growth opportunities or exploits existing capacity whilst maintaining a strong reputation.

Appendix E

Company Information

South Downs Leisure

Company number: 09204269

Nature of business (SIC): 93110 - Operation of sports facilities

Company type: Private Limited Company by guarantee without share capital use of 'Limited' exemption. Incorporated on 4th September 2014.

Registered Office Address

Field Place, The Boulevard, Worthing, West Sussex BN13 1NP

Bankers

Registered office address – Lloyds, 25 Gresham Street, London EC2V 7HN

Auditors

McCabe Forb Williams

Registered office address - Bank Chambers, 1 Central Avenue, Sittingbourne, Kent ME10 4AE

Solicitors

Winckworth Sherwood

Registered office address - Minerva House, 5 Montague Close, London SE1 9BB

Trustees

Kris Von Habsburg (Chair)

Gillian Jackson (Vice Chair)

Vacant (Staff Trustee)

Lionel Harman (WBC)

Joanne Lawrence-Hall

Sharon Smith

Peter Tyler

Andrew Fleetwood

CEO

Duncan Anderson

Executive Officer

Christopher Bladen (Operations)

Debra Schneider (Finance)

South Downs Leisure Enterprise (subsidiary of SDL)

Incorporated on 13th October 2014

Company number 09261501

Directors

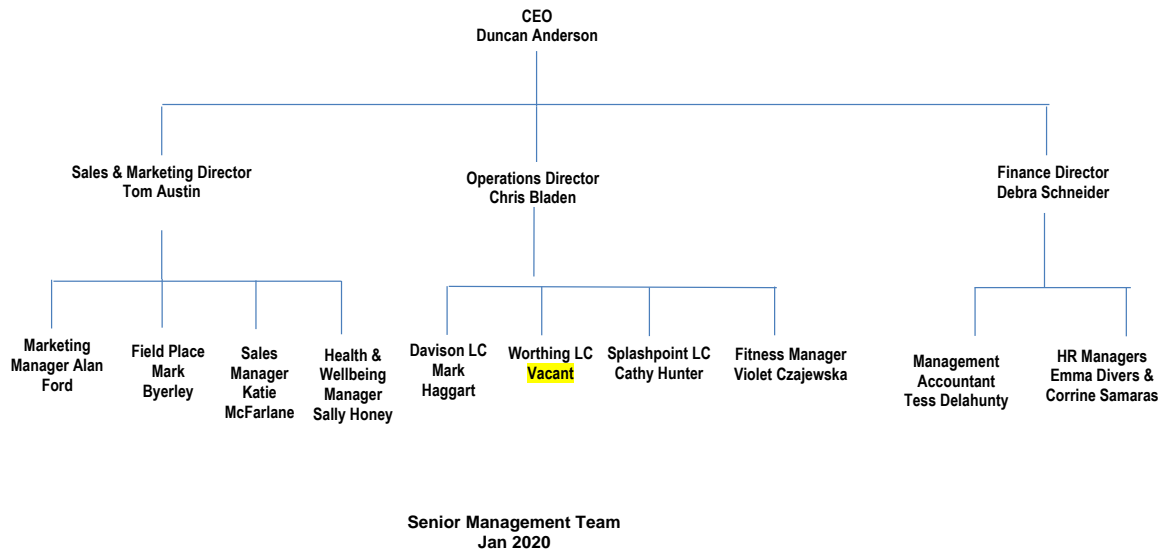
Joanne Lawrence Hall

Kris von Habsburg

Duncan Anderson

Appendix F

Senior Management Team Structure



APPENDIX G

ABOUT US

- South Downs Leisure is a charity set up in 2015 to operate facilities on behalf of Worthing Borough Council. We currently have 20 years left on the lease of three of our facilities which runs until 2040. We operate six sites in Worthing which include:
 - **Splashpoint Leisure Centre**
 - Built-in 2013 costing £18m this building won a World Architect award and helped with doubling the number of children learning to swim in Worthing from 1000 to over 2000. We see approx. 650,000 visitors per year to this facility.
 - **Worthing Leisure Centre**
 - This is a large dry side site which is nearly 50 years old. This venue holds a high number of regional events each year and sees over 550,000 people visit this site each year
 - **Field Place**
 - A grade 2 listed manor house and predominantly a wedding venue now which has seen significant investment in the last three years.
 - **Tarring Tennis Courts**
 - These are seen as an annexe to Field Place despite being approx. 1 mile from Field Place. We operate two tennis courts in the Tarring Church Grounds which is owned by Worthing BC.
 - **Davison Leisure Centre**
 - This is a dual-use site connected to Davison Girls school. This is separate to the Worthing Borough Council contract and has 9 years left on its lease with West Sussex County Council.
 - **Durrington Community Hub**
 - This will hopefully be built in 2020 and will comprise of two meeting rooms, a kitchen, sports hall, a multi use games area and changing rooms.
 - **Palatine Football Centre**
 - This will hopefully be built in 2020 and will consist of one full size floodlit 3G football pitch that also divides into two or four small sided pitches.

APPENDIX H

F&M Agreement 2020-2025

Changes only

- **Service Fee**
 - This will now increase year on year from April 1st 2020 by CPI
- **Utilities**
 - The Council will be removing this agreement from April 1st 2020
- **Car Park**
 - The current agreement states that the Council will no longer support South Downs Leisure with car park refunds once the apartments are completed on the old Aquarena site. This could have a £60,000 impact on South Downs Leisure and even more so if the Council go ahead with proposals to charge £1 per hour for parking after 6 pm. South Downs Leisure have raised this as a major concern with the council given the current financial climate. South Downs Leisure are looking to start charging for non FIT4 members with car parking at Splashpoint which would save the council approx. £50-60k per annum but could impact on our revenue streams.
- **Maintenance**
 - We are in discussion with the council about migrating responsibility over to South Downs Leisure from Worthing Borough Council and currently, an average spend has been presented to South Downs Leisure for approx. 10 items. This needs to be a much more thorough process looking at the replacement and maintenance cost over the remainder of the contract period and averaging this out.

Appendix I

CAPITAL PROJECTS AT SOUTH DOWNS LEISURE

Capital Projects South Downs Leisure	Description	Centre	Area	Amount	
2015	Pool View	Splashpoint	Safety and security	£45,000	
2016	Head Office upgrade	South Downs Leisure	Business Development	£25,000	
2016	Fitness Equipment	Worthing Leisure Centre	Customer and Product development	£208,000	
2016	Sports Hall Flooring	Worthing Leisure Centre	Customer and Product development	£85,000	
2016	CCTV	Worthing Leisure Centre	Safety and security	£10,000	
2016	General Improvements	Field Place	Customer and Product development	£15,000	£388,000
2017	Web development-Weddings	Field Place	Business Development	£5,000	
2017	Office refurb	Worthing Leisure Centre	Business Development	£25,000	
2017	GeneralDirect Debit System	South Downs Leisure	Financial	£20,000	
2017	Fitness Equipment	Splashpoint	Customer and Product development	£240,000	
2017	PC Upgrade	South Downs Leisure	Business Development	£15,000	
2017	Main Hall & Studio Flooring	Funding and SDL	Refurbishment	£64,000	
2017	Flooring	Splashpoint	Customer and Product development	£25,000	
2017	Spinning Bikes	Splashpoint	Customer and Product development	£40,000	
2017	FMS	South Downs Leisure	Financial	£25,000	£459,000
2018	Amazon Soft Play structure	Worthing Leisure Centre	Health & Safety	£17,000	
2018	Gardens	Field Place	Business	£158,000	

			Development		
2018	Accoustics	Splashpoint	Customer and Product development	£20,000	
2018	Sensory room	Worthing Leisure Centre	Social Inclusion	£14,000	
2018	Fitness Equipment	Davison Leisure Centre	Business Development	£11,000	
2018	Changing Facilities	Davison Leisure Centre	Customer and Product development	£7,000	£227,000
2019	Booking System	South Downs Leisure	Business Development	£40,000	
2019	Phone System	South Downs Leisure	Business Development	£25,000	
2019	Spinning Bikes	Worthing Leisure Centre	Customer and Product development	£50,000	
2019	Refurbish Studio	Worthing Leisure Centre	Customer and Product development	£40,000	
2019	Pole Fitness and Studio	Worthing Leisure Centre	Customer and Product development	£12,000	
2019	HR System	South Downs Leisure	Business Development	£25,000	
2019	Replacement of PC's	South Downs Leisure	Business Development	£20,000	
2019	Refurbish bar and reception	Field Place	Business Development	£30,000	
2019	Payroll	South Downs Leisure	Financial	£25,000	
2019	Pool Cover	Splashpoint	Health & Safety	£14,000	
2019	Diving Board Steps	Splashpoint	Health & Safety	£15,000	
2019	Web & App Development	South Downs Leisure	Business Development	£20,000	£316,000
					£1,390,000
	Capital Projects WBC				
2015	Car Park	Field Place	additional 54 spaces	£120,800	
2015	Toilet & House Refurbishment	Field Place	New toilets	£45,600	
2015	Fire Detection	Field Place	Replacement works	£32,900	
2015	Glazing	Worthing Leisure Centre	Renewal	£5,550	£204,850
2016	M&E Works	Worthing Leisure Centre	Pipework replaced after 45 years	£273,920	

2016	Fire Detection	Field Place	New system	£71,510	
2016	Fire Detection	Worthing Leisure Centre	New system	£71,510	£416,940
2017	Glazing Café	Worthing Leisure Centre	replaced from wood to PVC	£50,670	
2017	Main Hall & Studio	Worthing Leisure Centre	Replacement of floor and studio	£32,000	£82,670
2018	Athletics Track	Worthing Leisure Centre	repair and respray	£122,520	
2018	Lighting	Worthing Leisure Centre	Café and sports hall LEDs	£40,000	£162,520
This excludes snagging issues from Splashpoint					£930,980

Appendix J

The following tables have been produced to highlight the sensitivity around our FIT4 memberships using two models. One based on 9300 memberships and one based on 9100 memberships.

The table below assumes FIT4 membership dropping to 9300 per month and no changes to staffing

SOUTH DOWNS LEISURE FORECAST					
	2020-21	2021-22	2022-23	2023-24	2024-25
Income	6,273,264	6,332,508	6,406,968	6,481,656	6,556,575
Depreciation	170,222	170,222	170,222	170,222	170,222
Expenditure	6,169,765	6,283,117	6,359,987	6,438,372	6,518,342
Surplus/(Deficit)	(66,723)	(120,831)	(123,241)	(126,938)	(131,989)
Gift from Enterprise	0	0	0	0	0
Net Surplus	(66,723)	(120,831)	(123,241)	(126,938)	(131,989)
Cumulative Surplus/(Deficit)	(66,723)	(187,554)	(310,796)	(437,734)	(569,723)

The figure below assumes FIT4 membership dropping to 9100 per month and no changes to staffing

SOUTH DOWNS LEISURE FORECAST					
	2020-21	2021-22	2022-23	2023-24	2024-25
Income	6,193,704	6,251,508	6,324,528	6,397,776	6,471,255
Depreciation	170,222	170,222	170,222	170,222	170,222
Expenditure	6,169,765	6,283,117	6,359,987	6,438,372	6,518,342
Surplus/(Deficit)	(146,283)	(201,831)	(205,681)	(210,818)	(217,309)
Gift from Enterprise	0	0	0	0	0
Net Surplus	(146,283)	(201,831)	(205,681)	(210,818)	(217,309)
Cumulative Surplus/(Deficit)	(146,283)	(348,114)	(553,796)	(764,614)	(981,923)

Cashflow Forecast for the next five years showing quarterly movements:

SOUTH DOWNS LEISURE FORECAST 2020-2021	Q1	Q2	Q3	Q4
Opening Balance	507,205	545,566	589,521	584,114
Surplus/(Deficit)	38,361	43,955	(5,407)	93,233
Capital Expenditure	0	0	0	22,000
Closing Balance	545,566	589,521	584,114	655,347
SOUTH DOWNS LEISURE FORECAST 2021-2022	Q1	Q2	Q3	Q4
Opening Balance	655,347	691,999	734,270	754,077
Surplus/(Deficit)	36,652	42,272	19,807	121,276
Capital Expenditure	0	0	0	0
Closing Balance	691,999	734,270	754,077	875,353
SOUTH DOWNS LEISURE FORECAST 2022-2023	Q1	Q2	Q3	Q4
Opening Balance	875,353	922,449	975,231	1,005,784
Surplus/(Deficit)	47,096	52,782	30,553	140,005
Capital Expenditure	0	0	0	177,000
Closing Balance	922,449	975,231	1,005,784	968,789
SOUTH DOWNS LEISURE FORECAST 2023-2024	Q1	Q2	Q3	Q4
Opening Balance	968,789	1,016,299	1,069,553	1,100,819
Surplus/(Deficit)	47,510	53,254	31,266	143,427
Capital Expenditure	0	0	0	5,000
Closing Balance	1,016,299	1,069,553	1,100,819	1,239,246
SOUTH DOWNS LEISURE FORECAST 2024-2025	Q1	Q2	Q3	Q4
Opening Balance	1,239,246	1,291,511	1,349,574	1,385,889
Surplus/(Deficit)	52,265	58,063	36,315	154,760
Capital Expenditure	0	0	0	5,000
Closing Balance	1,291,511	1,349,574	1,385,889	1,535,649

Appendix K

Competitor analysis Digital

Over the next two years we need to focus our Sales and Marketing attention more towards digital and targeted campaigns. At the same time, we need to sharpen up our approach with the sales team review the product and membership offer.

Our aim must be to be in the top two for all the below tables.

After running searches for Gyms and Fitness in Worthing, aside from SDL these were the brands that came up on Google:

Key Competitors within Worthing

							
-Opened 2004	-Opened 2018	-Opened 2016	-Opened 2011	-Opened 2017	-Opened 2018	-Opened 2015	-Opened 2017
-Chain	-Chain	-Chain	-Independent	-Chain(impulse)	-Independent	-Independent	-Independent
-Health Club (premium)	-Budget Gym (cheap)	-Gym (24 hours)	-Boutique Gym (small)	-Budget Gym (cheap)	-Specialist Gym (combat/boxing)	-Specialist Gym (weights/lifting)	-Health Club (over 60's)
Membership: £80.00/£120 POA	Membership: £20.99	Membership: £32.95	Membership: £29.00	Membership: £20.00	Membership: £22.50	Membership: £42.00	Membership: £75.00
-Offer Classes -Les Mills	-No contract -No Joining Fee	-24 hours	-No contract -No Joining Fee	-No contract -New	-No contract -No Joining Fee		-Offer Classes -Les Mills -Swimming
- Indoor and Outdoor pools	-New						
-High end facilities	-24 hours						

Looking at the above brands, the boutique and specialist Gyms aren't quite hitting the same target market for members as SDL, therefore for any further analysis I have decided to focus on 5 out of the 7 above mentioned Gyms and also added in Impulse Leisure in Lancing, as their business model is the closest to ours (Leisure Trust).








Price:

Gyms ranked from one 1-5 how affordable their standard membership is. (1 Best/5 Worst)

						
4	7	2	3	1	6	5

Website:

Websites rate out of 1-5 on how long they take to load, how visually appealing they are, standard of imagery/video content, accessibility, user friendly, informative. (1 Best/5 Worst)

						
<p>Loading – Majority of pages, fast responsive, 2 seconds except class timetable 5 seconds 3/5</p> <p>Imagery – Bright, engaging, inconsistent, videos not embedded 3/5</p> <p>Accessibility and user friendly – 4/5</p> <p>Informative – 4/5</p> <p>Total 14/20</p>	<p>Loading – All pages 1-2 seconds, including timetable. 5/5</p> <p>Imagery – Clean, bright, consistent, high res images, videos not embedded Too much text? 4/5</p> <p>Accessibility and user friendly – 4/5</p> <p>Informative 4/5</p> <p>Total 17/20</p>	<p>Loading – All pages 1-2 seconds, including timetable. 5/5</p> <p>Imagery – Clean, bright, animated content, consistent, high res images, videos not embedded 4/5</p> <p>Accessibility and user friendly – 4/5</p> <p>Informative – not specifically tailored to Worthing as a chain 3/5</p> <p>Total 15/20</p>	<p>Loading – Majority of pages, average, 3 seconds most pages opened additional tabs taking extra time 5 seconds 3/5</p> <p>Imagery – Clean, bright, consistent, lacking photo and video content 2/5</p> <p>Accessibility and user friendly – Simple to use 4/5</p> <p>Informative – not specifically tailored to Worthing as a chain 2/5</p> <p>Total 11/20</p>	<p>Loading – All pages 1-2 seconds, including timetable. 5/5</p> <p>Imagery – Clean, bright, consistent, high res images, videos embedded, could do with some more visual representations on pages 3/5</p> <p>Accessibility and user friendly – Simple to use 4/5</p> <p>Informative 4/5</p> <p>Total: 16/20</p>	<p>Loading – All pages 1-2 seconds, including timetable. 5/5</p> <p>Imagery – Great video auto playing on landing page. Visually attractive. Clean, bright, consistent, high res images, videos embedded 4/5</p> <p>Accessibility and user friendly – 4/5</p> <p>Informative 4/5</p> <p>Total 17/20</p>	<p>Loading – All pages 1-2 seconds, including timetable. 5/5</p> <p>Imagery – Dated, inconsistent fonts, images high res, not used to full potential, one video, not imbedded, had to look for it. 2/5</p> <p>Accessibility and user friendly – 3/5</p> <p>Informative – 3/5</p> <p>Total 13/20</p>
5	2	4	7	3	1	6

Summary:

Findings: SDL Site has issues with class timetable page, loading speed, layout. Some images high res, some images low res, videos not embedded.








Recommendations: Revisit active in time setup, discuss with them why the loading speed is an issue when another similar business model have the same software running more efficiently?

Update photo and video content, decide on a consistency for imagery; inspirational, stock, real etc.

Embed videos or use vimeo to host to avoid low res images before videos play.

Social Media Accounts:

Social media accounts rated from 1-5 on how regularly they are being used, how visually appealing they are, standard of imagery/video content, whether the relevant platform is being used correctly, informative. (1 Best/5 Worst)

						
<p>Facebook - Within 14 day period: 1-5 posts a day were published. 50% engaging, 30% visually appealing, inconsistent voice, inconsistent imagery, high res, low res, real, stock, clashing colours, no consistent theme, consistent branding. Posts usually relevant to followers and received a positive interaction.</p> <p>Instagram and Twitter showed the same content with less frequent usage, average 2 per day, mostly posting not at all or 3-5 times in a day.</p> <p>Social posts all posted out across all platforms, not specifically targeted to best platform.</p> <p>Quantity over Quality? 2/5</p> <p>7</p>	<p>Facebook - 1 post a day, sometimes less. One consistent voice, mixture of high and low res, engaging photos, lacking video, unbranded.</p> <p>Instagram - Less than one post a day, visually appealing feed, mixture of platform appropriate and text driven posts 80%/20%</p> <p>Twitter - generic chain account to cover all national centres. Less than once a day, visually appealing, content right for audience</p> <p>Quality over Quantity at the moment 3/5</p> <p>2</p>	<p>Facebook - less than 1 post a day. Consistent, well branded, one voice, clear theme, clear colour palette, great use of images and video</p> <p>Twitter - Once a month, low usage, great content, branding up relevant or political news in company branding and making it relevant.</p> <p>Instagram feed very visually appealing, something to strive towards. Consistent, well branded, one voice, clear theme, clear colour palette, great use of images and video.</p> <p>Social platforms kept to an extremely high standard. One negative is that they are generic chain account to cover all national centres.</p> <p>4.5/5</p> <p>1</p>	<p>Facebook - Usually 1 post a day, always less than 2 posts. Consistent, well branded, one voice, clear theme, clear colour palette, great use of images and video Great engagement via re posting customer journeys and achievements.</p> <p>Twitter - less than 1 post a day. Mixture of high res branded campaign material and low res content.</p> <p>Instagram - feed very visually appealing. Consistent, well branded, one voice, clear theme, clear colour palette, good use of images and video.</p> <p>Generic and targeted accounts for Worthing branch 4/5</p> <p>4</p>	<p>Facebook - usually 2 posts a week, a good amount of positive engagement, very clear and consistent branding, colour theme, fonts, images, tying in with artwork, photos, posts and their Centre design/materials.</p> <p>Instagram - Very visually appealing, consistent branding, colour, fonts, images, and video all in keeping with theme of feed.</p> <p>Twitter - inactive for a few months, used to post twice a week. Content was good, engaging, visually appealing, just lacking frequency.</p> <p>3/5</p> <p>5</p>	<p>Best Facebook landing page out of all competitors, high res video auto playing in banner header. Visually appealing, colour palette strong, fonts consistent.</p> <p>Instagram - 1 post a day, visually very appealing, artwork and branding strong, good clear green colour palette (green) but when they have campaigns that aren't of that palette they switch to white branding, strong feel.</p> <p>Twitter - account exists, last used 2017 twitter presence non-existent.</p> <p>4/5</p> <p>3</p>	<p>Facebook - 1 post per day, strong attractive imagery, using platform to appeal to relevant audience.</p> <p>Instagram - not frequently used some nice posts, inconsistent.</p> <p>Twitter - average posts twice a week, used well, strong branding, consistent imagery, attractive feed 3/5</p> <p>6</p>






Summary:

Findings: SDL social accounts appear messy, unordered, maybe take notes from The Gym/The Gym Hub for Instagram and consistency. All competitors are using less than us but arguably more effectively? A clear colour theme to go with branding for cognitive reinforcement? SDL currently adopt too many colours to make an association.

Recommendations: Focus on quality of content even if that means posting less, limit accounts to a certain amount of posts per day to ensure important messages aren't hidden from our followers. Confirm themes for feeds, keep content targeted for channels instead of posting same content across all platforms.

Facilities:

Facilities rated from 1-5 on what facilities they have available for their members. (1 Best/5 Worst)

						
<ul style="list-style-type: none"> - 370+ Classes per week -Track -3G pitches -Outdoor Tennis courts -Petanque pit -Squash Courts -Badminton courts -Netball Courts -Sports Halls -Spas -Trampolines -Stages Bikes - Immersive Studio -Pole Studio -Creche -Kids Clubs -Competition Pool -Diver Pool -Leisure Pool -4 x Gyms -2 x Coffee House -Weights Room -Soft Play 	<ul style="list-style-type: none"> -Gym -Free Classes -Cycling studio -Blaze studio -Indoor Tennis courts -Outdoor Tennis courts -Badminton courts -Indoor Pool -Heated Outdoor Pool -Spa facilities - Kids Holiday Club -Crèche services -Cafe 	<ul style="list-style-type: none"> -Gym - Free Classes 	<ul style="list-style-type: none"> -Gym - Free Classes - Spin studio 	<ul style="list-style-type: none"> -Gym 	<ul style="list-style-type: none"> -Gym - Free Classes - 1 X Pool - Cycling Studio 	<ul style="list-style-type: none"> -Gym - 370+ Classes per week -Track -3G pitches -Outdoor Tennis courts -Petanque pit -Squash Courts -Badminton courts -Netball Courts -Sports Halls -Spas -cycling studio -Creche -Kids Clubs - Pool -Café -Weights Room
1	3	6	5	7	4	2

Summary:

Findings: SDL has the largest offering for its members and is definitely our USP.

Recommendations: Maximise this offering, ensure we stay above our competitors and they don't catch us up by continuing to offer new facilities for them. Make sure marketing content is targeted at showcasing our offering. Ensure the standard of each site is high visually and cleanliness to make sure there is nothing putting members off visiting or cancelling their membership as the product is still the same product that attracted them in the first place.

Customer Opinions:

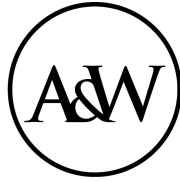
Gyms rated from 1-5 on customer google reviews. Repeated negative comments in red.
(1 Best/5 Worst)

						
Worthing Leisure Centre 4.1 Stars	4.1 Stars	4.6 Stars	4.8 Stars	4.7 Stars	4.3 Stars	3.5 Stars
Splashpoint Leisure Centre 4.1 Stars						
Davison Leisure Centre 4.2 Stars						
Worthing College Fitness Centre 4.5 Stars						
Booking system, age of WLC, website, parking at SPLC	Price, Customer service, cleanliness	Busy			Rude owner	Expensive, rude staff
Average: 4.2						
5	6	3	1	2	4	7

Summary:

Findings: Newer facilities appear to be rated higher but with less reviews.

Recommendations: Listen to our customer feedback, monitor negative reviews and address booking system, WLC site and parking options for SLC customers.



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 March 2020
Agenda Item 10

Key Decision [~~Yes~~/No]

Ward(s) Affected: Selden

Brooklands Park - Masterplan Development

Report by the Director for Communities

Executive Summary

1. Purpose

1.1 The purpose of the report is to request that the Joint Strategic Committee approves the developed Masterplan produced for Brooklands Park, creating a destination that will be a valued community asset for local residents.

1.2 A recommendation is presented for approval of deliverables and corresponding financial implications.

1.3 It also outlines the proposed next steps for the delivery of the masterplan.

2. Recommendations

2.1 It is recommended that the Joint Strategic Committee approves

- i. To adopt the developed design of the Masterplan produced for Brooklands Park.
- ii. To recommend to Worthing Borough Council to approve additional budget of £2.35m funded by :
 - o External and S106 funding of £250,000
 - o Virement from the public convenience budget of £83,000
 - o Prudential borrowing of £2.012m

The revenue implications of which are to be funded from the Major Projects budget set aside to fund projects arising from 'Platforms'.

- iii. To recommend to Council to increase the prudential limits to allow for

the increased capital spend and borrowing requirements

- iv. To delegate authority to the Acting Director for Communities in consultation with the Executive Member for the Environment for a technical design to be drawn up (RIBA work stage 4) to enable the construction to be tendered, and to award the contract following the tender process. .
- v. To continue seeking external financial contributions that will reduce the Council's costs for the project.
- vi. To continue to engage with the public and ensure the local community are kept fully engaged with the project.

3. Context

- 3.1. The Councils' strategic plan 'Platforms for our Places Going Further (2020-2022)' highlights the importance of Brooklands Park in delivering benefits across all platforms, but particularly Platform 2 – Thriving People and Communities and Platform 3 - Supporting our Natural Environment.
- 3.2. In December 2016, options to dredge Brooklands Lake were proposed and an option agreed to dredge the lake and undertake associated environmental enhancements of the islands, margins and Valley Gardens section of the Teville Stream. The dredging of the lake and the majority of the environmental enhancement works were completed in Spring 2018.
- 3.3. Our Parks teams are now responsible for the upkeep of the lake planting, and general maintenance of the lake, having had formal training in November 2019.



- 3.4. The dredging of the lake was agreed to reduce the incidence of regular blooms of algal growth on the lake, and the spread of potentially toxic blue green algae leading to waterfowl deaths. The removal of silt and increased depth of water will reduce this, but to mitigate the risks of future outbreaks, it is recommended that an additional oxygenation process is delivered. Planning approval was granted in January 2020 for the installation of two 4m windmills, one on each of the islands. These windmills are attached to two diffusers that sit on the lake bed, and constantly pump oxygen into the water. This sustainable solution has minimal maintenance implications, is not harmful to birds or bats, and requires no power provision other than wind. The installation of the windmills is currently being progressed.



- 3.5. In November 2018, the Joint Strategic Committee approved the adoption of a concept masterplan for the whole Park, produced by Chris Blandford Associates. During 2019 work to remove existing park infrastructure (café buildings, train track and associated buildings, golf club house, paddling pool) was completed and following a robust procurement process, a Multi-disciplinary team, led by Turkington Martin Landscape Architects were appointed in August 2019. Their brief was to deliver RIBA stage 3 (developed design and planning application) followed by RIBA 4 (technical design) for the whole Park.
- 3.6. Developed design is now completed and a planning application has been submitted. The only elements of the developed design that require planning permission are the café and two pieces of play equipment over 4m in height.
- 3.7. The indoor activity centre on the south-west corner of the park that was proposed in the original CBA masterplan has been de-scoped from this Brooklands proposal, and is being separately managed by officers from the major projects team.

Developing the detailed master plan

- 3.8. Three key principles were distilled from the original concept and used to develop the masterplan:

LEARNING Brooklands Park will become an outdoor interactive classroom and science learning resource supporting the wider STEM curriculum. Schools and families will find new opportunities for learning about habitats, ecosystems, forces and materials. The Parks department will also be piloting new planting schemes to feed into how we respond to the issues of climate change and sustainability.

INCLUSIVITY Access to Brooklands Park will be improved through new gateways, paths and seating areas. New café and play facilities will be designed with everyone in mind, making sure that people with specific needs can enjoy the Park and all it has to offer. The aim is to create a unique landscape not found anywhere else in Adur and Worthing, allowing engagement with nature in new and exciting ways.

WELLBEING. Physical activity and exercise will be encouraged with new adventure play, walking trails and fitness route. Seating areas and a new park café will help bring people together to socialise. Developing community engagement will allow local people to play an active part in caring for Brooklands Park to ensure its future for years to come.

- 3.9. In developing the more detailed Masterplan, the approach has moved in the direction of celebrating and learning from planting types, ecology and sustainability as the way of integrating the science elements. In addition, the choice of play equipment will reinforce a number of technological, engineering and mathematical concepts.
- 3.10. The proposed initial deliverables derived from the masterplan development are as follows:

- | | | |
|---------------------------------------------------------|------------------------------|------------------------------------|
| ① New cafe & toilets with reception for park activities | ⑪ Species rich grassland | ⑳ Picnic areas |
| ② Access & parking | ⑫ Enhanced boundary planting | ㉑ 2.5km fitness route |
| ③ Overflow car park retained | ⑬ Shelters | ㉒ Fitness equipment |
| ④ Enhanced pedestrian entrance | ⑭ Location for food vendors | ㉓ Pedestrian crossing |
| ⑤ Adventurous & inclusive play | ⑮ Community garden glade | ㉔ Windmill oxygenators |
| ⑥ Outdoor space for informal recreation | ⑯ Play and build glade | ㉕ Site for future leisure facility |
| ⑦ Amphitheatre & cycle track | ⑰ Nature glade | |
| ⑧ Existing boardwalk | ⑱ Winter glade | |
| ⑨ New lakeside seating | ㉖ Wind glade | |
| ⑩ Contemplative garden | ㉗ Viewing mount | |

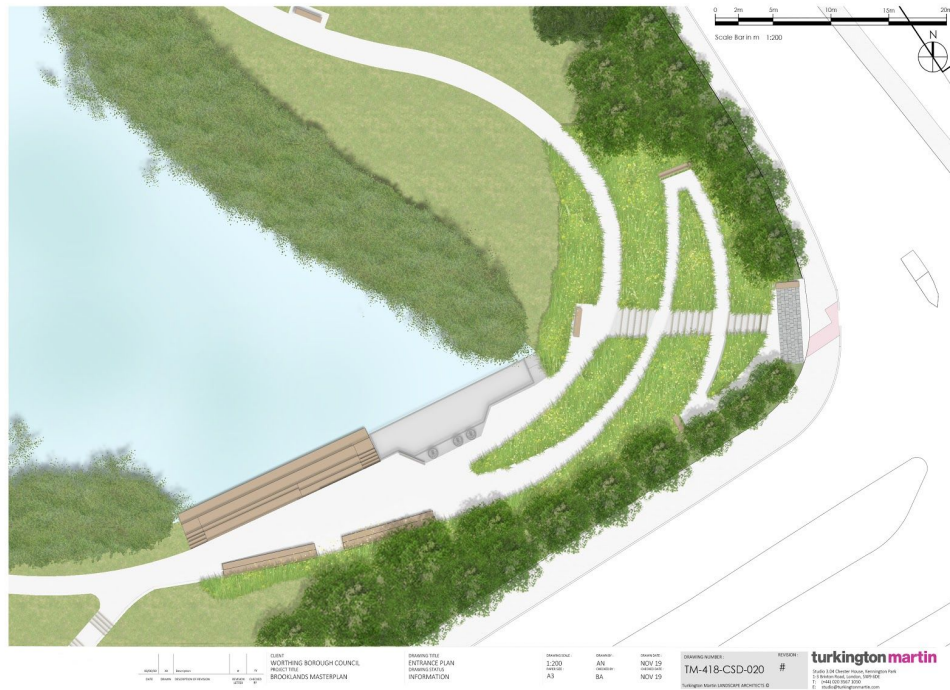


- 3.11. The design team have worked with Earnslcliffe (Making Access Work) to ensure that *all* design proposals are fully inclusive and fit for purpose as a public facility, meeting the Disabilities Duties of the Equality Act 2010, and the Council's aspirations for accessibility and inclusivity across the site.
- 3.12. A key element of the developed Masterplan design is a new visitor hub and covered stand (1), containing a new cafe, public facilities and Changing Places toilet. The design is inclusive and aims to facilitate social and physical wellbeing, providing a variety of flexible and comfortable social spaces, and the capacity to be used for larger groups. The new building will be equipped with internal and external seating space, a kitchen and other necessary spaces for a café operator. As a public facility, it will contain male-female toilets, with baby changing facilities, compliant toilets and a changing place. Considering the climate emergency, the café will utilise sustainable resources and technology, and will serve as a semi-autonomous building.





- 3.13. It is proposed to reconfigure some areas of car parking (2) as a result of the new cafe location and the opportunity to rationalise parking along Brighton Road. These changes will provide a total of 195 spaces, 31 of which are available for blue badge holders, and 12 bays with electric vehicle charging points. Directly outside the cafe will also be charging points for motability scooters. Cycle parking will include provision for adapted cycles (being 1.2m from adjacent bays and with 1500mm² clear circulation around). There will also be electric charging points for electric bikes.
- 3.14. The main entrance on Western Road at the junction of Brighton Road / Western Road (4), the Western Road car park entrance and the entrance on Brighton Road will each be enhanced with 4m high totems to make them more visible and welcoming. They will carry site information such as maps with key destinations and features indicated, including wheelchair accessible/easy access routes. An existing steep ramp at the main entrance will be reconfigured to provide a gentle slope graded at 1:22 with a flight of intersecting steps. These both lead down to Lakeside path and new timber seating provided at the sluice overlooking the lake.



- 3.15. The existing play area will be enhanced (5) to create a new exemplar play space that will become a destination recognised for its STEM and sensory experience. Building on the inclusive ethos of the existing play area, it will cater for a wide range of ages and capabilities, ensuring safety, accessibility and inclusivity to all users. The play features are arranged into a number of groups:



The play area is designed to a size and scale of equipment for it to become a destination in its own right. Learning is one of the key concepts behind the choice of equipment, with a number of pieces selected to contribute to the key stage 1 syllabus. It is anticipated that play can form a creative part in school visits to the park. In the full design, 30 pieces of equipment are proposed, two of which are climbing structures over 4m that will require planning permission. The paving materials comprise play safety surface, sand and porous coloured tarmacadam.



- 3.16. An outdoor space (6) will be created, designed to be a multi-use events space using a levelled open area of grass that will be available for everyone to enjoy, whether playing frisbee, a kickabout or for the local community to come together. It is defined by a path that wraps around the outer edge of the grass area, with seats either side. It is not designed or set out for concerts or other large outdoor events.
- 3.17. The amphitheatre, cycle track and containers for Cycall bike storage will not change. Similarly, the existing boardwalk (8) will be retained.
- 3.18. A new lakeside path (9) with improved seating will be delivered. The path will take in the existing boardwalk, and a new 2m wide section of path will run along the eastern side of the lake following the route of the former miniature railway and will loop back towards the café. Regular bench seating and viewing points will be provided. It will also connect to the glade pathways and Mount, the southern side of which is too steep to ramp, hence steps will be provided.



- 3.19. A contemplation garden (10) will be formed along each side of the Teville Stream, conceived as a species rich area of planting, seating and relaxation that forms the heart of a sensory ribbon that extends

throughout the park. The existing tree planting, level change, stream and waterside planting creates a distinctive and well contained environment that lends itself to creating a magical place. The waterside planting is retained: discussions with the Ouse and Adur Rivers Trust recommends its retention to provide cover and habitat for animals and fish, and it performs the important function of cooling the water before it empties into the lake, reducing the likelihood of algal blooms. This garden will make an important contribution to visitors health and well-being as well as their sensory experience. It is planned that the plants will be identified with interpretation boards at appropriate intervals.



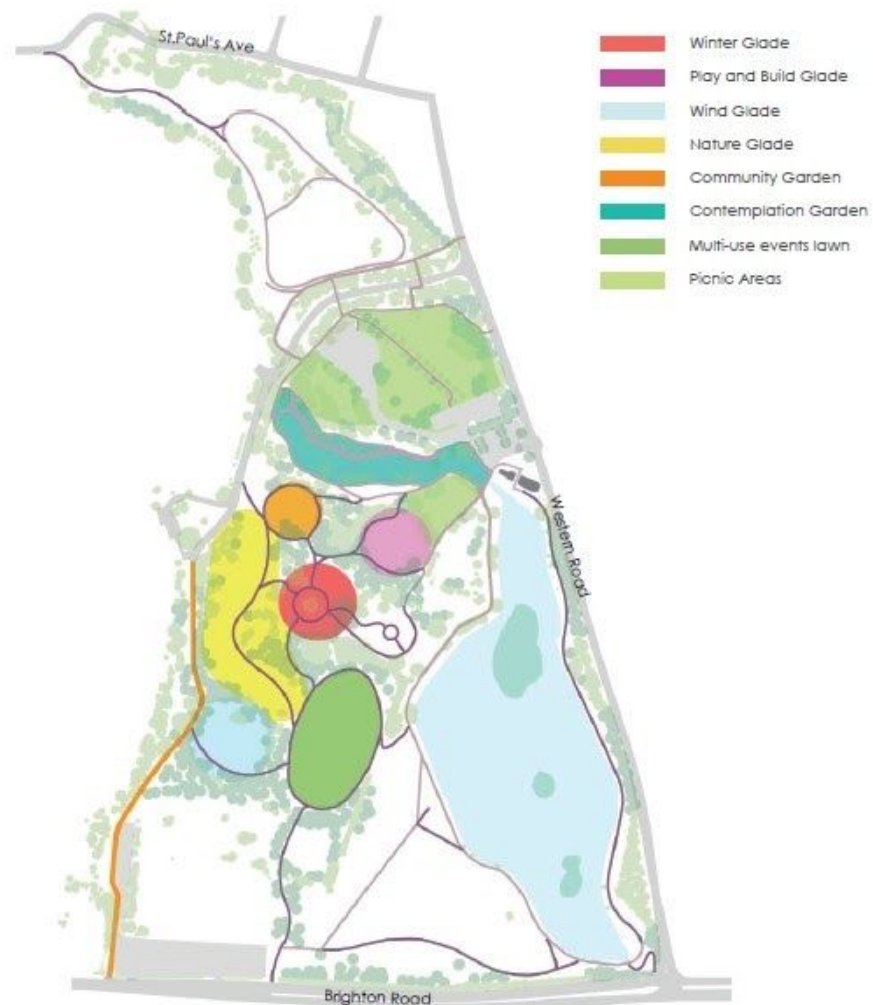
3.20. The triangle of grass where the Rampion cables enter Brooklands (11)

will be developed as a species rich grassland, with a feature maze mown into the area as a pattern. Any planting of trees and shrubs is prohibited on this area.

- 3.21. The boundaries to the Western Road and Brighton Road (12) have existing intermittent planting and users of the park are exposed to views of traffic, noise and standing traffic pollutants. Boundary planting is proposed in places where the park is open to the public footpath and roads. This will provide a greater sense of enclosure and reinforce the fact visitors are in a park and predominantly green environment. This development is intended to improve the health and wellbeing of those in the park but also those overlooking the park and walking past. Whilst not reducing traffic noise, the planting will screen views of passing vehicles and reduce pollution. The planting will comprise a combination of native hedge planting and larger single and multi-stem trees. The species selection will be appropriate for the maritime location both in terms of salt laden winds but also exposure to the prevailing off-shore winds. Much of the planting is required to the eastern boundary to close up the open sections along Western Road and in particular around the southern eastern corner where the park is completely exposed to the busy roads and traffic. The selection of predominantly native species will contribute to the nature conservation value of the area and act as an ecological corridor along the eastern side of the park.
- 3.22. Two open sided shelters (13) are proposed to be placed opposite one another on the eastern and western side of the lake, providing temporary shelter from inclement weather.
- 3.23. The former golf course has left a legacy of existing trees and mounds. It is proposed to plant additional trees and shrubs to create different spaces that are protected from the wind. These outdoor rooms, named glades, will have different characters based on the colour and type of planting, natural play features, sculpture and science activities. The glades will vary in size and be connected with a sinuous path system that extends the length of the park. It is envisaged that the route and items along the way can be used by schools and form part of children's activities organised by the Council's Park Rangers, and Friends of Brooklands. Other designed features are integrated with the glades and gardens to make up the overall connected landscape through which visitors pass and enjoy. The glades comprise Community

Garden (15), Play & Build Glade (16), Nature Glade (17), Winter Glade (18) and Wind Glade (19).

- 3.24. The intention is for the glades to become an important learning opportunity for school students within the National Curriculum. Relevant topics from the STEM curriculum across Key Stages 1 to 3 have been identified, and are presented in Appendix [X].



- 3.25. Further details of the Glades is as follows:

The Community Garden - located at the north of the glades, positioned for convenience of delivery of soil, compost etc. via the Southern Water Works access road. The garden is circular and contains raised beds for food growing, flower cutting, children seed sowing etc. Large tables and benches will provide an area for learning and for people to come together and eat. The

garden will include compost bins, wormeries, and will play an important role in the health and mental well-being of the community.



The **Play & Build Glade** - this explores how trees and plants are used for construction and demonstrates some of their uses in a playable and sensory way. It is proposed to plant hazel and willow that can be woven into play dens and informal structures, and that in time can be coppiced and woven into play features and shelters thus forming a learning experience. Different types of wood (e.g. pine for house construction, walnut for furniture making) can be explained through play features, such as log stepping stones.



The Nature Glade - the nature glade is a linear space along the west side of the character area, relatively open in its centre due to the limitations of planting over the Rampion cable corridor. The glade provides a backdrop for plants and features that promote the natural environment and biodiversity. Bug hotels, rocks and logs, bird boxes, berrying plants and plants for oil-rich seeds will be planted.



The Winter Glade - the heart of this character area, and centred around an existing Pine tree. The notion of evergreens, their value in winter and provision of planting to attract visitors across the colder months informed the concept of this glade.



The **Wind Glade** - this references the park's proximity to the exposed beach and the Rampion wind farm. The central theme is windmills displayed in a playful way, but the glade also contains new tree planting which reflects the wind, for example *Populus tremula*. Wind-blown seed could be explored here, as well as wind sculptures and giant chimes.



- 3.26. As part of the initial deliverable it is also proposed to create a mount (20) and western viewing terrace to celebrate the highest point in the park. Only from this point is the sea visible from the park, an important view that celebrates the sense of place. Following the ageless tradition of celebrating the highest point in a landscape, a feature will be placed at the top of the mount reflecting the many markers and orienteering stones on the South Downs. An accessible route is provided along the western side, emerging between the trees with a dramatic vantage point and 5m drop down to the lake. Steps down will act as informal places to sit.



- 3.27. Picnic areas (21) will be enhanced. In addition to the existing picnic area north of the cafe, there will be two open lawn areas for picnicking. The first, located adjacent to the overflow car park, provides an enclosed quieter space away from the main activities in the rest of the park. The second, adjacent to the play area, provides an area for parents and families to sit whilst children move between the play area and the play and build glade. These areas include newly seeded lawn and picnic tables, as well as additional tree cover to provide shade during the summer months.
- 3.28. To promote health and wellbeing, a fitness trail of 2.5km (22) for walkers, joggers and runners circulates the park, wrapping around the lake, cafe and the existing amphitheatre. The distance and indication of direction will be marked on the ground. Fitness equipment (23) and guides for its use is also included to encourage exercise and wellbeing for all ages. This feature was particularly highlighted during consultation with the park users, across all ages.
- 3.29. The site for future indoor leisure activity (26) is ring fenced with an area of 13,000m² (3.2 acres) of parkland. The proposal for the development of this feature sits outside of this masterplan development and will be managed separately by officers in the major projects team..

Issues for consideration

- 4.1 The cost of delivering all elements 1-26 outlined above is estimated to be £3.2m pending validation in the technical design phase (RIBA 4) of the programme, which is now scheduled to follow. See section 6 for a breakdown of financial implications.
- 4.2 In RIBA workstage 4, the structural and building services specifications are further refined allowing for any specialist sub-contractor design to be carried out, such as sustainable energy provision. The landscape architects and architects will consult with the local building regulations officer and prepare the detailed design package detailing every essential ingredient. This will enable a procured contractor to build the required proposed design. At the end of this stage (which should take 2-3 months), the project will be released to tender for a contractor (normally a four to six week period). It is expected therefore that a contractor will break ground in 2020.
- 4.3 The **recommended option is to deliver all aspects of the design** in order to create a destination park, that is inclusive in all ways and contributes to the social, economic and environmental infrastructures of Worthing Borough Council. This is fully costed and presented in this report. In reaching this recommendation the following options were also considered:
- 4.4 *Do nothing.* This is not acceptable. The Council is committed to the project to deliver an inclusive, destination park for the residents of and visitors Worthing and has invested significant time and resource into the development of this work to date.
- 4.5 *Build the cafe only.* This is limited in scope in terms of developing a destination park and a new cafe sitting in an undeveloped open space would clearly be less attractive to customers and potential leaseholders.
- 4.6 *Deliver the park infrastructure, but no cafe.* This included the play area, extension of the pathway circumnavigating the lake on the eastern side, and delivery of the network of pathways through the golf course along with one glade. The scope of this option is again severely limited in terms of quickly creating a destination park. The cafe is considered to be a crucial element in creating this destination.

- 4.7 *Deliver a reduced capacity play area.* Our architects have developed two alternative play area options that would reduce the size of the play area significantly and/or remove the STEM items included in the current proposal. Given the core focus of delivering a destination park, that is inclusive and focussed on learning and wellbeing, this option is not recommended

Engagement and Communication

- 5.1 In developing the original concept masterplan in 2018, the Communications team supported the launch of an online consultation exercise to ensure that the local community and interested parties had every opportunity to give the Councils their views and help to shape the future of the park. Over 800 responses were received online and other feedback generated at engagement events. The collated results were used by CBA to develop the concept masterplan.
- 5.2 During the RIBA 3 developed design programme, a public engagement exercise was held at the Halloween event to validate the direction the design was taking. Six members of the design team attended alongside Council officers. In total over 100 people were canvassed. In summary, those attending were enthusiastic about the proposals and excited about the possibilities they present for a more inclusive, ecological and educational focused park. Overall, respondents liked the focus on community, ecology, learning, inclusivity and connecting elements of the park together and utilising the whole space to create a destination park. A number of people highlighted the need for a well-designed, inclusive green space that offered opportunities for physical activity.
- 5.3 Alongside these positive interactions, the Council is aware that there is still some frustration primarily expressed on social media, that things are not moving quickly enough, or doubts that the Council will achieve its ambition with the park. Hopefully this detail, much of which has already been shared, will enable our communities to understand what has been happening in recent months, and dispel some of the rumours such as that the park is to be developed for housing.
- 5.4 Throughout the summer of 2019, a series of forest school activity mornings, free to all, were delivered by the parks department. The events were a success, and well attended by on average 250

participants. Anecdotal feedback from these events suggest a desire for more.

- 5.5 Pending approval of this proposal, it is envisaged that a public open session be conducted as part of the planning process to once more engage with interested parties and communicate the extent of the developments to be delivered. Maps positioned at two places in the park will be updated, and the hoarding along Brighton Road will be decorated with images showing the vision for the park.
- 5.6 Throughout 2019, the Friends of Brooklands community group has been re-invigorated culminating in an AGM held in January 2020 where the constitution was approved and committee members elected. The Parks & Open Spaces Park Ranger team will be coordinating a programme of events with the Friends of group to engage the public in activities within the park. The increased membership of the Friends of group will be a key group for future communications. They will be instrumental in delivering some of the community elements proposed, such as the community garden.
- 5.7 Sussex Wildlife Trust have just agreed as part of this engagement to deliver two events in summer 2020, free of charge:
 - Bird ID/Birdsong Walk
 - Bat Evening with heterodyne detectors

Financial Implications

- 6.1 The Council originally approved a budget of £225,000 for the initial phases of the project with the intention of increasing the budget available from allocations for new playgrounds and public conveniences. The proposal to invest in a new cafe was to be considered on the basis of a financial business case.
- 6.2 Subsequently, members approved that £150,000 of the public convenience budget and the underspend on the Brooklands Environmental Improvements budget could also be allocated to the project giving a budget of £429,410 for 2019/20. £140,000 has been allocated in 2020/21 from the playgrounds budget.
- 6.3 As part of the development of the 2020/22 capital programme report considered by members, further resources of £250,000 have been

allocated to the project together with £296,000 for the repair of the outflow.

- 6.4 Consequently, overall the following resources have been released to facilitate the redevelopment of the park:

	Total	2018/19	2019/20	2020/21
	£	£	£	£
Original approval	225,000	12,390	212,610	
Transfer from Brooklands Environmental Improvements budget for lake oxygenation initiative	50,000		50,000	
Virement from Allotments Budget	16,800		16,800	
Public Conveniences	150,000		150,000	
Playgrounds	140,000			140,000
Additional budget approved in December 2020	250,000			250,000
Total budget available	831,800	12,390	429,410	390,000

- 6.5 The detailed design works have now been completed and it is clear that the budget released will not be sufficient to deliver the scheme outlined above. Overall the scheme is now expected to cost £2.9m:

Full project costs	Total	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£
Demolition of existing buildings	152,250	12,390	139,860		
Toilets	232,270			232,270	
Landscaping	235,850			235,850	
Play area	598,530			598,530	
Lakeside path	100,110			100,110	
Woodland glade and paths	105,390			105,390	
Lake Oxygenation	11,000		11,000		
Ad hoc items	12,960		12,960		
Income generating elements:					
Cafe	397,140			397,140	

Car Parks	234,190			234,190	
Phase 1 and enabling works	2,079,690	12,390	163,820	1,903,480	0
	Total	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£
Phase 2					
Contemplative garden	101,420				101,420
Boundary planting	100,110				100,110
Other glades and gardens	342,230				342,230
Outdoor gym	28,000				28,000
Other miscellaneous items	31,140				31,140
Phase 2	602,900	0	0	0	602,900
Professional fees:					
Design costs	222,280		103,910	118,370	
Project management costs	82,230		27,410	27,410	27,410
Contingency	189,900		2,400	127,220	60,280
Total scheme costs	3,177,000	12,390	297,540	2,176,480	690,590
Budget released	-831,800				
Current budget shortfall	2,345,400				

6.6 Towards this total, £150,000 of S106 / CIL funding has been identified. The Council has a bid for a further £100,000 under active consideration. Consequently it is expected that funding of £250,000 should be achieved.

6.7 It has also been identified that the public conveniences at Highdown Gardens will cost £50,000 less than expected, consequently it is recommended that the shortfall in the cost of the new toilets be funded from within the public convenience budget (£83,000).

- 6.8 This leaves £2,345,400 unfunded, and the Council will need to borrow this amount if the project is to progress as planned. The expected additional revenue impact of the project is estimated to be:

	2020/21	2021/22	2022/23
	£	£	£
Borrowing costs	19,150	77,450	100,380
Less:			
Rental income from cafe		-7,500	-15,000
Additional net car parking fees		-43,000	-43,000
Net additional cost	19,150	24,950	40,380

- 6.9 Worthing Borough Council has a revenue budget of £247,000 set aside for the revenue implications of major project arising from 'Platforms for our Places Going Further (2020-2022)' and it proposed to use this to fund the revenue implications of the proposed investment.

Legal Implications

- 7.1 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.2 Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 allows a local authority to provide either indoor or outdoor recreational facilities as it thinks fit and that includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, either without charge or on such payment as the authority thinks fit.
- 7.3 Section 1 of the Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both (whether or not together with goods) for the purposes of, or in connection with, the discharge of the function by the local authority.

- 7.4 Section 111 of the Local Government Act 1972 provides that the Council shall have the power to do anything (whether or not involving expenditure, borrowing, or lending of money, or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive, or incidental to the discharge of any of their functions.

Background Papers

- JSC Approval of the Brooklands Masterplan (November 2018)
- STEM subjects at Brooklands Park

Officer Contact Details:-

Gary Prescod

Project Manager, Environmental Services

07789 372665

gary.prescod@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

- The proposal will have a positive impact on the economic development of our places. The redevelopment of the park into a destination park will help to attract additional visitors into the area.
- Developing a cafe to be operated by a leaseholder will deliver a revenue stream against which borrowing will be offset.
- Outside of the masterplan proposals, the development of the indoor activity centre will help ensure that the park's future financial sustainability.

2. Social

2.1 Social Value

- The proposed redevelopment of Brooklands will provide meaningful opportunities for community involvement in the future management and maintenance of the park, either as an individual or through the Friends of group that is already in place.
- The developed design puts accessibility and inclusiveness as one of the key principles of development. The design ensures that every member of the community has access to different experiences.
- In developing the park as an outdoor classroom and science learning resource, schools and families will find new opportunities for learning about habitats, ecosystems, forces and materials.
- The final development principle - wellbeing - means physical activity and exercise will be encouraged with new adventure play and walking/running trails.

2.2 Equality Issues

- The developed design puts accessibility and inclusiveness as one of the key principles of development. The design ensures that every member of the community has access to different experiences.

2.3 Community Safety Issues (Section 17)

- It is anticipated that the provision of a vibrant park that is used regularly and valued by the local community will help to reduce anti social behaviour activities taking place in the park.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- The protection and enhancement of the park's bio diversity was a key factor in determining the final design of the concept master plan building on the environmental enhancements already taken to the lake and its surroundings.

- The proposals for the park develop different character areas, exploiting what's good and addressing what's weaker.
- Boundary planting provides enclosure and shelter, and extends habitat corridors from the coast towards the south downs.
- New tree and shrub planting creates different habitats.
- Pollination corridors will be created through the variety of herbaceous planting through the park.

4. Governance

- The Councils' strategic plan 'Platforms for our Places Going Further (2020-2022)' highlights the importance of Brooklands Park in delivering benefits across all platforms, but particularly Platform 2 – Thriving People and Communities and Platform 3 - Supporting our Natural Environment.
- Increased working with the local community group should enhance the Council's reputation and relationships.
- Continued project management resource will be required to ensure the delivery of such a complex programme is assured.

Brooklands Park and the Science Technology Engineering and Maths (STEM) Curriculum

Adur and Worthing Councils are keen to identify how proposed investment at Brooklands Park can support the engagement of school students with the National Curriculum, especially the STEM curriculum.

The table below lists relevant topics from the STEM curriculum across Key Stages 1 to 3. Stage 4 (GCSE on) is more complex and would need more thorough investigation.

The whole of Brooklands is an outdoor classroom with huge potential to engage children and adults in learning.

Primary

Key Stage 1	Topic Heading	Topic Detail	Suggestions for delivery of the Curriculum @ Brooklands
Age 5-7	Plants and Animals	Wildlife watch	Identifying Birds around the Lake Identifying insects
		Trees – identification and stages	Trees <ul style="list-style-type: none"> Looking at tree varieties with specific features and adaptations
		Identify parts of plants	Flowers <ul style="list-style-type: none"> Grow varieties that can be picked and dissected which clearly identify the component parts.
		Seasonal changes	Plants <ul style="list-style-type: none"> Trees, flowers, bird behaviour across the seasons. This will require documentation of species and the changes they encounter through the year. Observing and understanding changes to habitats – nests, grasses, wild flower areas.
		Nature Detectives (Woodland Trust resources)	Facilitate species identification trail throughout the park by labelling plants and creating an information board or plaques showing birdlife around the lake.
Key Stage 2			
Age 7-11	Living things	Classification of plants	Birds, insects (esp. pollinators), trees and plants – (esp. those

	and their habitats	and animals Adaptation	adaptation specifically to costal conditions). <ul style="list-style-type: none"> Documenting species and providing access to information on them – this could be done in the park, but also on accompanying websites. Schools/a Stem Ambassador might help in the process of documentation and development of lesson plans.
		Food chains	What do the birds in the park eat? <ul style="list-style-type: none"> Document the food chains observable in the park How is human food produced? And why are pollinators essential to the health of our food chain? A community garden producing food, potential bee- hives. A partner such as: <i>Food Pioneers, Breathing Spaces, Sustainable Sussex</i> and schools could be sought to help deliver this.
	Production of Electricity Sustainability		Wind power <ul style="list-style-type: none"> Possible collaboration with Rampion wind farm to provide interpretation around the costal windfarm? Might the ‘windmill glade’ shown by design team, generate some electricity that could be used e.g. for charging phones? Lighting? An explanation of the new oxygenating windmills.
	Forces: identify the effects of air resistance, water resistance and friction	Recognise that some mechanisms including levers, pulleys and gears allow a smaller force to have a greater effect	<ul style="list-style-type: none"> This topic could be addressed through interpretation of the wind-farming, and the windmill glade address these issues An explanation of the sluice equipment be made? Play equipment could also demonstrate this relationship?
Key Stage 3			
Age 11-14	Material cycles and	Relationships in an ecosystem	This is a more complex explanation of topics covered above and could be addressed by:

	energy	Interdependence - the importance of plant reproduction through insect pollination in human food security How organisms affect, and are affected by, their environment, including the accumulation of toxic materials	<ul style="list-style-type: none"> Planting for pollinators – Could schools help to create a Pollinator Action Plan (FOE) with the council? Opportunity to grow food in order to discover how plants are pollinated and to learn about soil health. Water management and river flow might come in here. <p><i>Potential partners as listed under “Food chains” in KS2 above.</i></p>
		Energy Forces	Again, this is addressed about: <ul style="list-style-type: none"> Windfarm, windmills, Interpretation of sluice mechanisms at southern end of the lake

Potential Partners

There is great potential for Brooklands Park to facilitate delivery of the STEM curriculum and several other subject areas, specifically geography. Conversations with local schools and with the education team at West Sussex would provide a starting point, followed by the many community groups delivering education activities.

Stem.org.uk

Has many resources and Ideas for schools

Stem Ambassadors – This is a national programme whereby volunteers from a wide range of science, technology, engineering and mathematics (STEM) related jobs and disciplines are matched with schools and help to deliver STEM Clubs. A local Hub exists at Canterbury Christ Church University:

ambassadors@canterbury.ac.uk

<http://www.thestemhub.org.uk/>

Nearby Schools

Primary – three within 20 minute walking distance, many more a short bus ride away

Secondary – two within 20 minute walking distance, many more a short bus ride away

Special Schools – A number of schools catering for children with learning difficulties, some of whom also have physical access requirements.

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